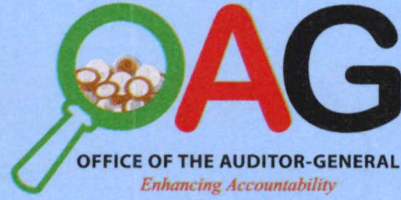


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NYAMIRA COUNTY REFERRAL HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF NYAMIRA

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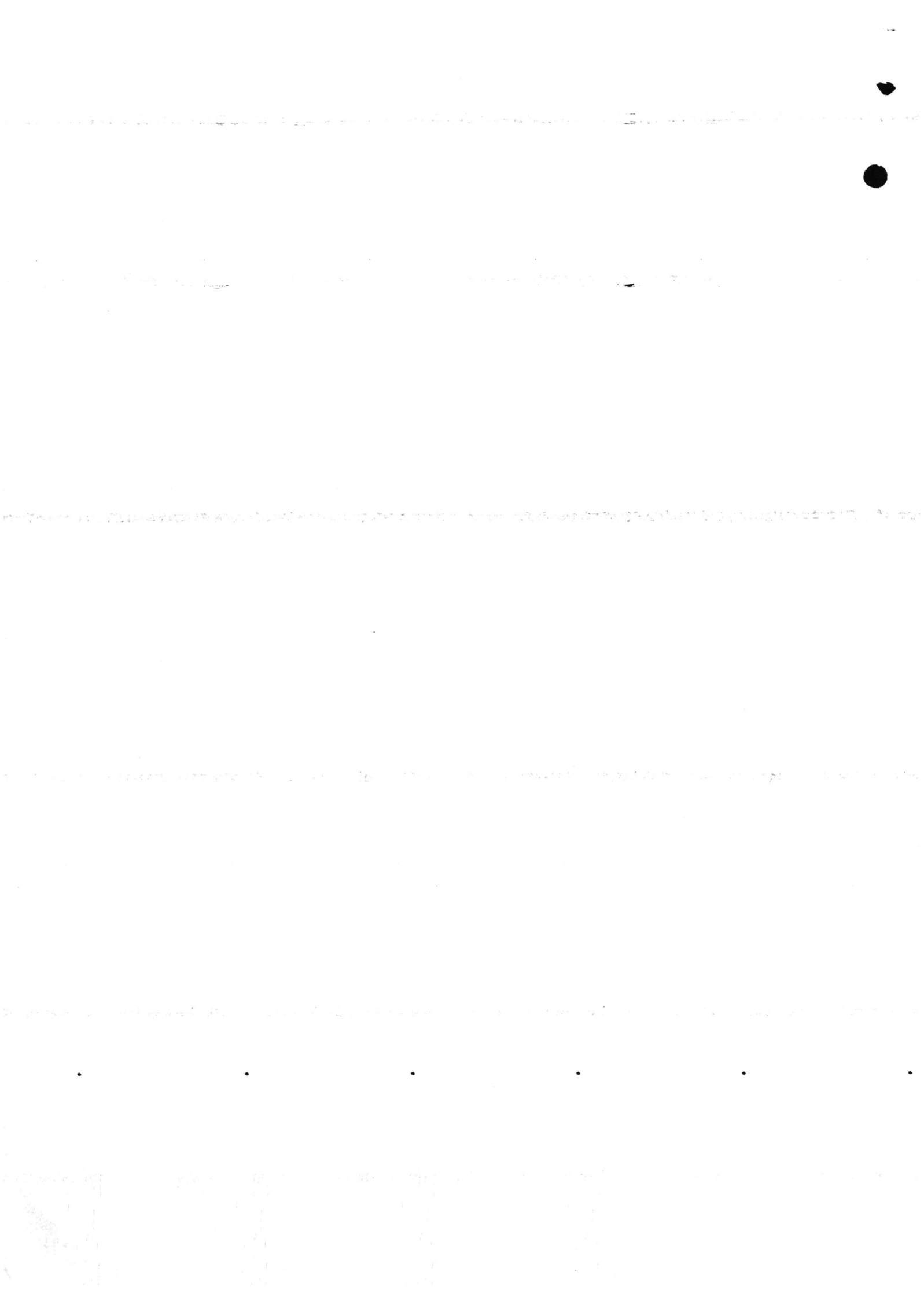
# **NYAMIRA COUNTY REFERRAL HOSPITAL (NYAMIRA COUNTY GOVERNMENT)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)**



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**1. Acronyms & Glossary of Terms**

|                      |   |
|----------------------|---|
| NCRH                 | Nyamira County Referral Hospital  |
| CSR                  | Corporate Social Responsibility   |
| OSHA                 | Occupational Health & Safety Act  |
| PFMA                 | Public Financial Management Act   |
| MED SUP              | Medical Superintendent  |
| MEDS                 | Mission for Essential Drugs and Supplies                                  |
| KEMSA                | Kenya Medical Supplies Authority  |
| MOH                  | Ministry of Health  |
| HMT                  | Hospital Management Team  |
| ENT                  | Ear Nose & Throat   |
| CSR                  | Corporate Social Responsibility   |
| OSHA                 | Occupational Health & Safety Act  |
| PFMA                 | Public Financial Management Act   |
| MED SUP              | Medical Superintendent  |
| Fiduciary Management | Key management personnel who have financial responsibility in the entity. |

## **2. Key Entity Information and Management**

### **(a) Background information**

Nyamira County Referral Hospital is a Ministry of Health primary care hospital located in Nyamira Town, Nyamira South Sub-County in Nyamira County under the Health Department. The facility is fully operational with a capacity of 420 beds. It is regulated by Ministry of Health under registration number **GK-000095** and a master facility list code 13912 the hospital is governed by a Board of Management.

### **(b) Principal Activities**

The principal activity of the hospital is provision of health care services that include:

- a) Vaccination services given to travellers
- b) TT toxoid for Pregnant Women
- c) Postnatal care services
- d) Medical Outpatient Curative Services Clinic
- e) Integrated Management of Childhood Illnesses
- f) Integrated Child Immunization
- g) Hospital – Retail services
- h) Comprehensive Maternity Obstetric Care (CeMOC)
- i) Basic Physiotherapy
- j) Basic Occupational Therapy
- k) Basic Obstetric Care (BMOC)
- l) Basic Mental Health Services
- m) Short Term Family Planning Services
- n) EMTCT-Elimination of Mother to Child Transmission of HIV
- o) Permanent Care And Treatment Services
- p) Outpatient Curative Services
- q) Long Term Family Planning Services
- r) Inpatient
- s) Infection Prevention and control to mitigate HIV infection in the work place
- t) HIV treatment and care
- u) HIV Testing Services
- v) HIV risk reduction services for priority populations and geographies
- w) HIV risk reduction for Key populations
- x) Focused Antenatal Care
- y) Condom Distribution & STI Prevention
- z) Basic Emergency Preparedness

### **(c) Key Management**

The hospital's management is under the following key organs:

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

| No. | Designation   | Name                        |
|-----|---|-----------------------------|
| 1.  | Medical Superintendent  | Dr. Angellah Ogendi         |
| 2.  | Head of Accounting Services   | CPA Jemimah Abuga           |
| 3.  | Head of Supply Chain Management                                     | Ms. Peres Nyakerario Mose   |
| 4.  | Accounting Officer-Department of Health Services (Medical Services) | Mr. Andrew Ongere Nyakundi  |
| 5.  | Director Internal Audit   | CPA Ann Nyanchama Ongera    |
| 6.  | Treasury Accountant   | Mr. Duke Kenyatta Kiriamama |
| 7.  | Health Administrative Officer                                       | Mr. Benard Nyandiri Ombiro  |
| 8.  | Hospital Accountant   | Mr. Reuben Bwoma Momanyi    |

**(e) Fiduciary Oversight Arrangements**

The fiduciary oversight of the county is done by:

**i) The County Assembly**

The County assembly, pursuant to the constitution of Kenya, 2010 and the County Government Act, 2012 under Article 8(1) has fiduciary oversight role over the execution of the functions of the County Government., it approves the budget and expenditure of the County Government in accordance with article 207 of the constitution of Kenya. It also approves the borrowings of the County Government in accordance of the constitution 212 of the Constitution of Kenya 2010.

**ii) The Controller of budget**

The controller of budget has fiduciary oversight role of the County Government under article 22(5) of the Constitution of Kenya, 2010 by approving withdrawal from the public funds only when satisfied that the is authorized by law.

**iii) County Executive Committee**

The County Executive Committee exercise executive authority in accordance with the constitution and county legislation.



**iv) Internal Audit Department**

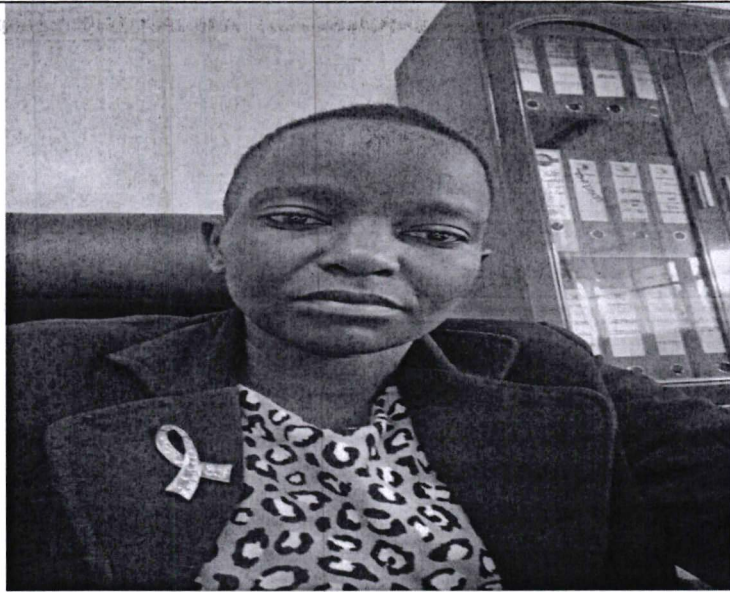
The internal Audit Department of the County Government of Nyamira ensures that the internal controls exist and are adhered to. The internal Audit reports to the county Audit Committee

**Key Entity Information and Management (continued)**

- i. NCRH Headquarters**  
P.O. Box 434-40500  
Nyamira Building Plaza  
Nyamira, KENYA
- ii. NCRH Contacts**  
Telephone: (+254) 738727272, 735232323  
E-mail: [info@nyamira.go.ke](mailto:info@nyamira.go.ke)  
Website: [www.nyamira.go.ke](http://www.nyamira.go.ke)
- iii. NCRH Bankers**  
Kenya Commercial Bank – Nyamira Branch  
BOX 403-40500  
Nyamira, Kenya.
- iv. Independent Auditors**  
Auditor General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya
- v. Principal Legal Adviser**  
The Auditor General  
Office of the Auditor General  
Anniversary towers  
Monrovia Street  
P.O. Box 30084-00100  
Nairobi.
- vi. County Attorney**  
The County Attorney  
Office of the County Attorney  
County Government of Nyamira  
P.O. Box. 434-40500  
Nyamira, Kenya

**3. The Board of Management**

| Directors   | <i>Academic Qualifications</i>   |
|---|--|
|  <p><b>MR. JONES MOKO OMWENGA<br/>EXECUTIVE COMMITTEE MEMBER:<br/>FOR FINANCE, ICT AND ECONOMIC<br/>PLANNING</b></p> | <p><i>Academic Qualifications</i></p> <p>He has a Master of Business Administration (Finance) from Jomo Kenyatta University of Agriculture &amp; Technology and a Bachelor of Education degree from Kenyatta University.</p> <p><i>Professional Experience</i></p> <p>Prior to his appointment he has served as the County Executive Committee member for Education &amp; Vocational Training, Trade, Tourism, Industrialization &amp; Cooperatives and Finance &amp; Economic Planning departments respectively in the County Government of Nyamira and Banking sector</p> <p>He hails from Itibo ward, Nyamira</p> |
|  <p><b>Dr. Donald Mogoi<br/>Executive Committee Member For Health Services</b></p>                                 | <p><i>Academic Qualifications:</i></p> <p>Holds a Master of Science in Epidemiology, Apostgraduate Diplomain Project Management and A bachelors in medicine and surgery.</p> <p><i>Professional Experience:</i></p> <p>He has 19 years experience in the public health sector, rising from a Medical Officer to a District Medical Officer, A County Director Health And Chief Officer Health services.</p>  |



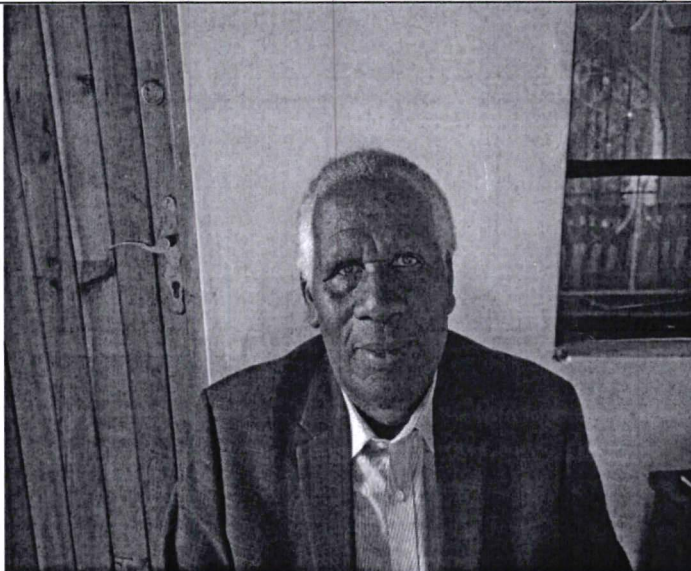
**Dr. Angella Kerubo Ogendi**  
**Medical Superintendent**  
**Secretary, Hospital Management Board**

**Academic Qualifications**

She holds a bachelor's of medicine from the University of Voronezh state medical Russia. Currently on going with online masters in sexual reproductive health policy and programming..

**Professional Experience**

pre-internship at Kenyatta national hospital, later internship at St Mary's hospital Langata. Served as a senior medical officer in charge clinical services at NCRH currently medical superintendent NCRH.



**Dr. John Nyaumah**  
**Board Chairman**  
**Hospital Management Board**

**Academic Qualifications**

Medical practitioner, having trained and attained a Bachelor of Medicine and Bachelor of Surgery degree from the University of Nairobi.

**Professional Experience**

Has a vast experience in the Medical Field having served as Director for St. Leonard Hospital and also working as physician in the same Hospital.



**Mrs Beatrice Nyatigo  
Board Member,**

**Academic Qualifications**

Masters degree from Moi university  
Bachelor degree of Education in Arts.

**Professional Experience**

Has a vast experience in public service having served in public sector as deputy head teacher and as sub county administrator In Nyamira South.



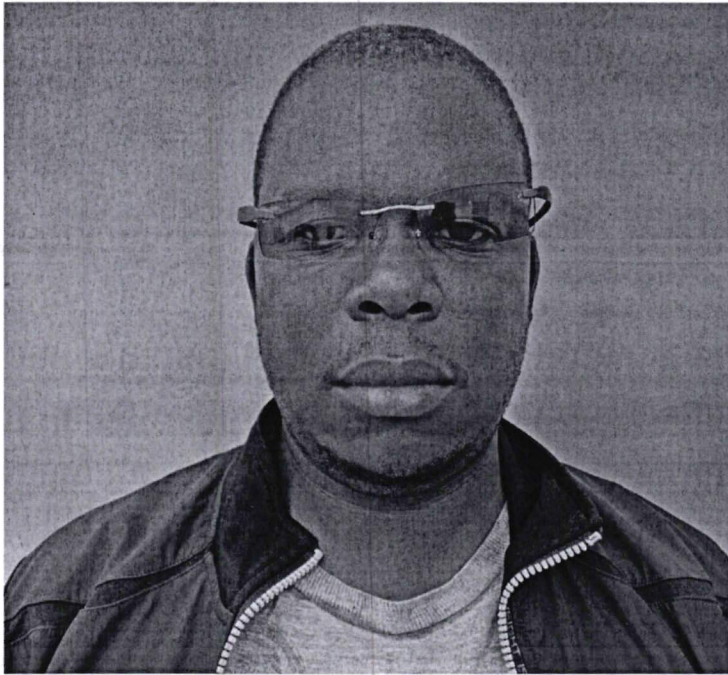
**Mrs Florence Obunga  
Board Member,**

**Academic Qualifications**

Bachelor degree from Egerton university in administration.

**Professional Experience**

Has a vast experience in public service having served in public sector as Deputy County commissioner in Nyamira.



**Mr. Elvis Agwata Moseti**  
**Board Member**

**Academic Qualifications**

Graduate from Kisii University Bachelor of Education Arts.  
Ongoing masters in curriculum development Mt. Kenya University

**Professional Experience**

Has a vast experience in public service having served in public sector as Deputy Headteacher

**4. Key Management Team**

| Ref | Management                 | Details                       |
|-----|----------------------------|-------------------------------|
| 1.  | Dr. Angellah Ogendi        | Medical Superintendent        |
| 2.  | Mr. Benard Nyandiri Ombiro | Health Administrative Officer |
| 3.  | Mr. Dennis Bitange         | Nursing Officer In charge     |
| 4.  | Dr. Cyliviabundi           | Pharmacy In charge            |
| 5.  | Mr. Josephart Otweka       | Laboratory In charge          |
| 6.  | Mr. Nehemiah Bogonko       | Health Records In charge      |
| 7.  | Mr. Richard Nyakundi       | Physiotherapy In charge       |
| 8.  | Mr. Reuben Momanyi         | Accounts Section              |
| 9.  | Hesbon Wakoli              | RCO In charge                 |
| 10. | Mr. Tom Sidwaka            | Radiology In charge           |

## **5. Chairman's Statement**

Nyamira County Referral Hospital main mandate is provision of basic healthcare services, it strengthens its provision in providing curative, preventive, promotive and rehabilitative health services. It offers specialized clinical services in various disciplines. It serves as a centre for research activities, training for medical student and health workers.

Future plans of the hospital are to establish a Doctors Plaza for specialized health care services and introduce; amenity wing for cooperate clients. It is in this regard that I have the pleasure to present the Nyamira County Referral Hospital financial statements for 2024/2025 ending 30<sup>th</sup> June 2025. The financial statements present the financial performance of the facility in relation to ensuring affordable and quality healthcare.

### **Operating Environment**

Nyamira County Referral Hospital started the year's operations on a positive outlook with the enactment of the FIF Act, 2022 (Facility Improvement Fund) which meant that the facility would retain 85% of the revenues collected. However, the conditional grants that were sent by the County Government were not received at all as a result, and thus had a negative impact on the operations of the facility.

The Hospital Management Board and hospital management is striving to position the hospital as the lead health service provider in the region, seek increased visibility, resource mobilization and allocation in line with the status of a level 5 hospital. It will further seek to win the support of local leaders with a goal of boosting the image of the hospital and improving its relations with the political leadership and public at large.

The Hospital Board is also seeking to improve linkage with private players and other public healthcare providers in the whole region and beyond.

### **Strategic Direction**

The overwhelming need and challenges provide opportunities for strategic thinking about the future of the hospital's brand. It shaped the change process that the Board of Management approved to upgrade the hospital to a fully-fledged 5 Hospital to secure a sustainable future.

The Board made radical decisions to restructure and rationalize the hospital's core business centres to optimize their performance. It fast-tracked the Automatization process by bringing in a qualified consultant to jumpstart the process of giving the hospital full autonomy towards its operations which is now under implementation by the Management.

### **Achievements**

The HMB and hospital management realized great achievement in terms of revenue generation, which has grown compared to the previous financial year 2023/2024, this includes: introduction of accident and emergency wing, Facelift within the hospital fully funded by FIF.

### **Looking into the future**

The Board is optimistic that the hospital will soon be upgraded to a teaching and referral Hospital. Consistent with our vision, Board continues to invest in Modern Technology, infrastructural and specialized human resources to position the Nyamira County Referral Hospital as the premier healthcare facility in Nyamira County. The Board's pledge is to ensure that our systems and human resources are effectively deployed to support the transformation of the hospital into a sustainable, excellent institution.

I greatly appreciate the commitment and inclusive support of the Shareholders, Board, Management, Staff and Stakeholders to the vision and mission of Nyamira County Referral Hospital.



.....  
**Dr. John Nyauma**

**Chairman to the Board**

## **6. Report of The Medical Superintendent**

### **BACKGROUND**

Nyamira County Referral Hospital has been in existence for more than 40 years ago, having been established in the early 1980s to cater for the health needs of the residents and workers at the Nyamira District. Since then, it has grown to become a county referral hospital serving the entire county the bordering counties and, serving a population of more than 40,000 people.

Nyamira County Referral Hospital exists and operates within a broader socioeconomic and political context. The understanding of this environment is critical in enabling the hospital to position itself to take advantage of emerging opportunities and deal with threats. Of fundamental importance in this environment is government policy. As a public hospital, Nyamira County Referral Hospital is governed by the policies and regulations set forth by both the National and County government departments responsible for health services

The hospital, having been commissioned in 1980s, has seen a lot of development by the Kenyan government providing more funds to improve the in-patient capacity and outpatient facilities to its present state. The main mandate of Nyamira county referral Hospital is to provide curative, preventive, promotive and rehabilitative health services. It offers specialized clinical services in various disciplines. It also serves as a centre for training for medical students and health workers.

### **b) FINANCE**

#### **i) Revenue**

The hospital's revenue is derived from Facility improvement funds (FIF), County grants, and donors. During this financial year the hospital has realized great improvement of revenue compared to the last financial 2023/2024.

#### **ii) Expenditure**

The total expenditures during the period amounted to Kshs. **927,896,113** Top drivers of the budget were maintenance of building, non-pharmaceuticals, patient's food, staff remuneration, Electricity among others. High Utilization rate realized.

**c) STRATEGY**

This plan intends to sustain a competitive business-like orientation to achieve improved client satisfaction, financial sustainability, and infrastructure development that reflects modern standards in medical practice.

The strategy is characterized by both Growth and social responsibility and transformative initiatives that will see the hospital grow to become the best in the Country.

**d) ACHIEVEMENTS**

The Hospital Management Board and the hospital management realized great achievement in terms of revenue generation, which has grown compared to the previous financial year 2023/2024, infrastructural development such as the new accident and Emergency wing, outpatient and administration facelift operationalization of private wing.

**e) CHALLENGES**

Nyamira County Referral Hospital based on the population that its serves are faced with a lot of challenges ranging from Global issues, financial constraints, inadequate human resource, environmental challenges, infrastructural i.e., dilapidated buildings, and technological growth that the hospital has to adopt in order to succeed in the healthcare service delivery.

**f) LOOKING FORWARD**

Modern Technology transformation is one of the pillars of the Strategic Plan. The hospital has embarked on this journey to increase operational efficiencies, enhance customer experience through consistent and patient-focused service delivery and informed decision-making aided by business intelligence. Crucial to this will be the implementation of the key operational systems, the Hospital Information Management System (HMIS)).

**g) APPRECIATION**

I take this opportunity to express my sincere gratitude and appreciation to the Ministry of health, County government of Nyamira, development partners, stakeholders, management and staff for their continued support, which made us, achieves these results.

I look forward to your continued support in the financial year 2024/2025.

***Signed***

*(AK)*

***Dr. Angellah Ogendi***

***Medical superintendent***

## **7. Statement of Performance Against Predetermined Objectives**

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government NCRH's performance against predetermined objectives.

Nyamira County Referral Hospital has 6(Six) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY2021/22 to FY2025/2026. These strategic pillars are as follows;

Pillar /theme/issue 1: **Clinical Services Delivery**

Pillar/theme/issue 2: **Healthcare Financing and Sustainability**

Pillar/theme/issue 3: **Quality Improvement**

Pillar/theme/issue 4: **Human Resource Development**

Pillar/theme/issue 5: **Medical products, Vaccines and Technology**

Pillar/theme/issue 6: **Medical products, Vaccines and Technology**

Nyamira county referral Hospital develops its annual work plans based on the above 6 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The NCRH achieved its performance targets set for the FY 2023/2024 period for its 6 strategic pillars, as indicated in the diagram below:

**Nyamira County Referral Hospital (Nyamira County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

| Strategic Pillar/Theme/Issues     | Objective   | Key Performance Indicators  | Activities  | Achievements   |
|-----------------------------------|---|---|---|--|
| <b>Clinical Services Delivery</b> | <ul style="list-style-type: none"> <li>To Establish and enhance good clinical governance</li> </ul> | <ul style="list-style-type: none"> <li>Hospital Drug formulary in place</li> <li>No of stock-out tracer drugs</li> <li>No of prescription reviewed</li> <li>Updated SOPs</li> <li>No of Pharma-covigilance conducted</li> </ul> | <ul style="list-style-type: none"> <li>Rational use of Medications</li> <li>Rational use of blood and blood products</li> <li>Provision of Health products</li> <li>Monthly Clinical Audits and mortality Meetings</li> </ul> | <ul style="list-style-type: none"> <li>Hospital Drug formulary in place.</li> <li>60% reduction in morbidity and mortality.</li> </ul>       |
|                                   | <ul style="list-style-type: none"> <li>To strengthen Emergency Preparedness</li> </ul>              | <ul style="list-style-type: none"> <li>Training reports</li> <li>Committee Minutes</li> </ul>   | <ul style="list-style-type: none"> <li>Train staff on Emergency preparedness.</li> <li>Form Emergency Preparedness Committee</li> <li>Conduct Annual Emergency Drill</li> </ul>   | <ul style="list-style-type: none"> <li>Staff Trained</li> <li>Committee is in existence.</li> <li>One Emergency drills conducted.</li> </ul> |
|                                   | <ul style="list-style-type: none"> <li>To ensure Quality Diagnostic Services</li> </ul>             | <ul style="list-style-type: none"> <li>Registers</li> <li>Survey reports</li> <li>Client satisfaction report</li> <li>EMR</li> </ul>  | <ul style="list-style-type: none"> <li>Expand the scope of 24 hours specialized services</li> <li>Introduce new specialized Services</li> <li>Adhere to Quality Standards</li> </ul>  | <ul style="list-style-type: none"> <li>UECs Culture sensitivity etc. done 24 hours</li> </ul>  |

|  |   |  |  |  |
|--|---|--|--|--|
|  | <ul style="list-style-type: none"> <li>To Enhance Effective Internal and External Referral Systems</li> </ul> | <ul style="list-style-type: none"> <li>Survey Reports</li> <li>Meeting Minutes</li> <li>EMR</li> <li>Client Satisfaction report</li> </ul> | <ul style="list-style-type: none"> <li>Implement referral guidelines</li> <li>Review and implement internal and external referral protocols</li> </ul>   | <ul style="list-style-type: none"> <li>Referral guidelines implemented 99%</li> <li>Three external Meetings with the county referral facility and Nyamira county department of health.</li> </ul>  |
| <b>Healthcare Financing and Sustainability</b> | <ul style="list-style-type: none"> <li>To increase revenue Generation</li> </ul>                              | <ul style="list-style-type: none"> <li>Revenue Reports</li> <li>% increase in revenue</li> </ul>   | <ul style="list-style-type: none"> <li>Diversify Revenue Streams</li> <li>Review User Fee Charges</li> <li>Increase Customer Base</li> <li>Develop Concept papers and proposals to development partners</li> </ul> | <ul style="list-style-type: none"> <li>Revenue improved compared to previous year</li> <li>Review of user fees continuous and on progress</li> <li>New institutions brought on board for MOUs Signed with other institutions to boost revenue collection.</li> <li>New services introduced, such as blood transfusion services.</li> <li>More patients have been enrolled to NHIF</li> </ul> |

**Nyamira County Referral Hospital (Nyamira County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

|                                   |   |   |   |   |
|-----------------------------------|---|---|---|---|
|                                   | <ul style="list-style-type: none"> <li>Facilitate prudent Financial Management</li> </ul>                                       | <ul style="list-style-type: none"> <li>Financial Reports</li> <li>% increase in Resource allocation to departments</li> </ul>   | <ul style="list-style-type: none"> <li>Provide E and M-Payment</li> <li>Strengthen use of financial and procurement policies and guidelines</li> </ul>  | <ul style="list-style-type: none"> <li>M-payment at the Linkage Stage</li> <li>Financial and procurement policies and guidelines in place</li> </ul>  |
| <b>Quality Improvement</b>        | <ul style="list-style-type: none"> <li>Enhance Continuous Quality Improvement</li> <li>Enhance customer careservices</li> </ul> | <ul style="list-style-type: none"> <li>Training Reports</li> <li>Customer care desks</li> <li>Minutes of the change Agents</li> </ul>                                   | <ul style="list-style-type: none"> <li>Training of staff on key issues affecting the current Healthcare Environment</li> <li>Customer care desks</li> <li>Minutes of the change Agents</li> </ul>       | <ul style="list-style-type: none"> <li>Staff trained and its continuous</li> <li>Customer desks in traduced at outpatient and at the hospital entrance</li> <li>Monthly meeting for change Agents</li> </ul> <p>Achieved.</p> |
| <b>Human Resource Development</b> | <ul style="list-style-type: none"> <li>Improved performance management</li> </ul>   | <ul style="list-style-type: none"> <li>Human Resource Department established and functional</li> <li>Human Resource Reports</li> <li>Staff Appraisal Reports</li> </ul> | <ul style="list-style-type: none"> <li>Establish Human Resource Department</li> <li>Conduct Quarterly and Annual Staff Appraisal</li> </ul>   | <ul style="list-style-type: none"> <li>Human Resource Department functional</li> <li>Staff Appraisals Done</li> </ul>   |
|                                   | <ul style="list-style-type: none"> <li>Staff Motivation</li> </ul>  | <ul style="list-style-type: none"> <li>Staff Satisfaction Report</li> <li>Client Satisfaction</li> <li>Minutes</li> </ul>   | <ul style="list-style-type: none"> <li>Staff Recognition, rewards and Sactions</li> <li>Annual Staff Party</li> <li>Improving The staff Levels</li> <li>Staff involvement on decision making</li> </ul> | <ul style="list-style-type: none"> <li>All staffs awarded at an annual staff party</li> <li>Annual staff party was done successfully</li> <li>All Staffs are involved in decision making through</li> </ul>                   |

**Nyamira County Referral Hospital (Nyamira County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

|   |   |  |  |   |
|---|---|--|--|---|
|   |   |  | <ul style="list-style-type: none"> <li>• Remuneration</li> </ul>   | <p>various committees, HMT, Departmental meeting and staff meeting days.</p>  |
| <p><b>Medical products, Vaccines and Technology</b></p> | <ul style="list-style-type: none"> <li>• Strengthen coordinate and manage medical products supply chain</li> <li>• Enhance ethical research activities</li> </ul> | <ul style="list-style-type: none"> <li>• % reduction on stockouts</li> <li>• Bincards</li> <li>• Complete registers</li> <li>• Sops in place.</li> </ul> | <ul style="list-style-type: none"> <li>• Annual Forecasting</li> <li>• Prepare monthly and Annual Report</li> <li>• Develop SOPs for inventory management</li> <li>• Prepare documentation of services provided</li> </ul> | <ul style="list-style-type: none"> <li>• Forecasting done</li> <li>• Annual and monthly reports done</li> <li>• Stock outs reduced by 20%</li> </ul> <p>SOPs already developed and functional</p> |
|   | <ul style="list-style-type: none"> <li>• Timely provision of health products</li> </ul>   | <ul style="list-style-type: none"> <li>• Client Satisfaction</li> <li>• Availability of Products</li> <li>• % of reduction in stock-out</li> </ul>       | <ul style="list-style-type: none"> <li>• Strengthening of procurement process</li> <li>• Implementation of procurement plan</li> <li>• Strengthen Commodity Management cycle</li> </ul>                                    | <ul style="list-style-type: none"> <li>• Procurement plan in place and functioning</li> <li>• Reduction in stock out by approximately 20%</li> </ul>  |

**Nyamira County Referral Hospital (Nyamira County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

|   |  |   |  |  |
|---|--|---|--|--|
| <p><b>Leadership and Governance</b></p> | <ul style="list-style-type: none"> <li>• Enhance policy formulation, dissemination and implementation</li> </ul> | <ul style="list-style-type: none"> <li>• %increase in hospital performance</li> <li>• No of staff Meetings</li> <li>• No of HMB meetings</li> </ul> | <ul style="list-style-type: none"> <li>• Monthly staff meeting</li> <li>• Quarterly Board meeting</li> <li>• Implementation of strategic plan</li> </ul>                                 | <ul style="list-style-type: none"> <li>• Quarterly board meetings Achieved with Few Special Meetings</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>• Enhanced Leadership and Governance Capacity</li> </ul>                  | <ul style="list-style-type: none"> <li>• Management Audit Report</li> <li>• Board of Survey report</li> </ul>                                       | <ul style="list-style-type: none"> <li>• Capacity Building for board, senior and middle level managers</li> <li>• Develop and implement internal controls</li> </ul>                     | <ul style="list-style-type: none"> <li>• Capacity building done to all level of management</li> <li>• Internal controls developed and continuous</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>• Networking and Collaboration</li> </ul>                                 | <ul style="list-style-type: none"> <li>• No of meetings held with partners</li> <li>• No of stakeholders identified</li> <li>•</li> </ul>           | <ul style="list-style-type: none"> <li>• Mapping of stakeholders</li> <li>• Exchange and Benchmarking program</li> <li>• Consultative meetings with partners and stakeholders</li> </ul> | <ul style="list-style-type: none"> <li>• Several Meetings Held</li> <li>• Several stakeholders such Britam Insurance, Equity bank, KCB Bank, etc.</li> </ul> |

## **8. Corporate Governance Statement**

Nyamira County Referral Hospital Board of Management is responsible for the corporate governance of the Hospital and is accountable to the Department of Health Services, County Government of Nyamira for ensuring that the Hospital complies with the laws and the highest standards of corporate governance and business ethics. The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

### **a) Board of Management**

The Board of Management is composed of non-executive members elected by the governor of Nyamira County. The Appointed Board of Management to be held accountable and responsible for the efficient and effective governance of the hospital. Members of the Board have a range of skills and experience and each brings an independent judgment and considerable knowledge to the Board's discussions. The board term is two years' renewal subject to performance.

Summarized below are the key roles and responsibilities of the Board:

- Approve and adopt strategic plans and annual budgets, set objectives and review key risk and performance areas.
- Resource Mobilization
- Determine overall policies and processes to ensure integrity of the Hospital's management of risk and internal contracts; and
- Review at regular meetings Management's performance against approved budget. The full Board meets at least 4 times a year and the Chairperson has bi-weekly meetings/Consultations with the Medical Superintendent. The Board members are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Medical Superintendent. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

### **b) Board Meetings**

The Board as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall control of the hospital. The Board agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within stipulated timelines. The Main Board held 4 meetings attended by selected members.

### **c) Board Remuneration**

Non-Executive Members provide services to the hospital to which they are entitled to an allowances the allowance is paid as per the government of Kenya allowance circulars.

## 9. Management Discussion and Analysis

The considerations in restructuring an organization are effective coordination of roles and responsibilities to avoid overlap and duplication of roles and effort; clear accountability for results; enhanced teamwork and effective communication; and career development for staff. Appropriate structures also allow the organization to resource and sustain essential skills and expertise in the organization.

The overall leadership and governance of Nyamira County Referral Hospital will be vested in the Hospital Management Board. The Board members are appointed in accordance with the policies of the County Government of Nyamira. The day-to-day management of the hospital is vested on the Medical Superintendent.

The Medical Superintendent will be assisted in performing the functions of his or her position by the Hospital Management Team (HMT). The HMT is made up of the divisional heads and heads of departments. Nyamira County Referral Hospital has developed a governance framework defining the respective roles of the HMT members and Management.

### Clinical/operational performance

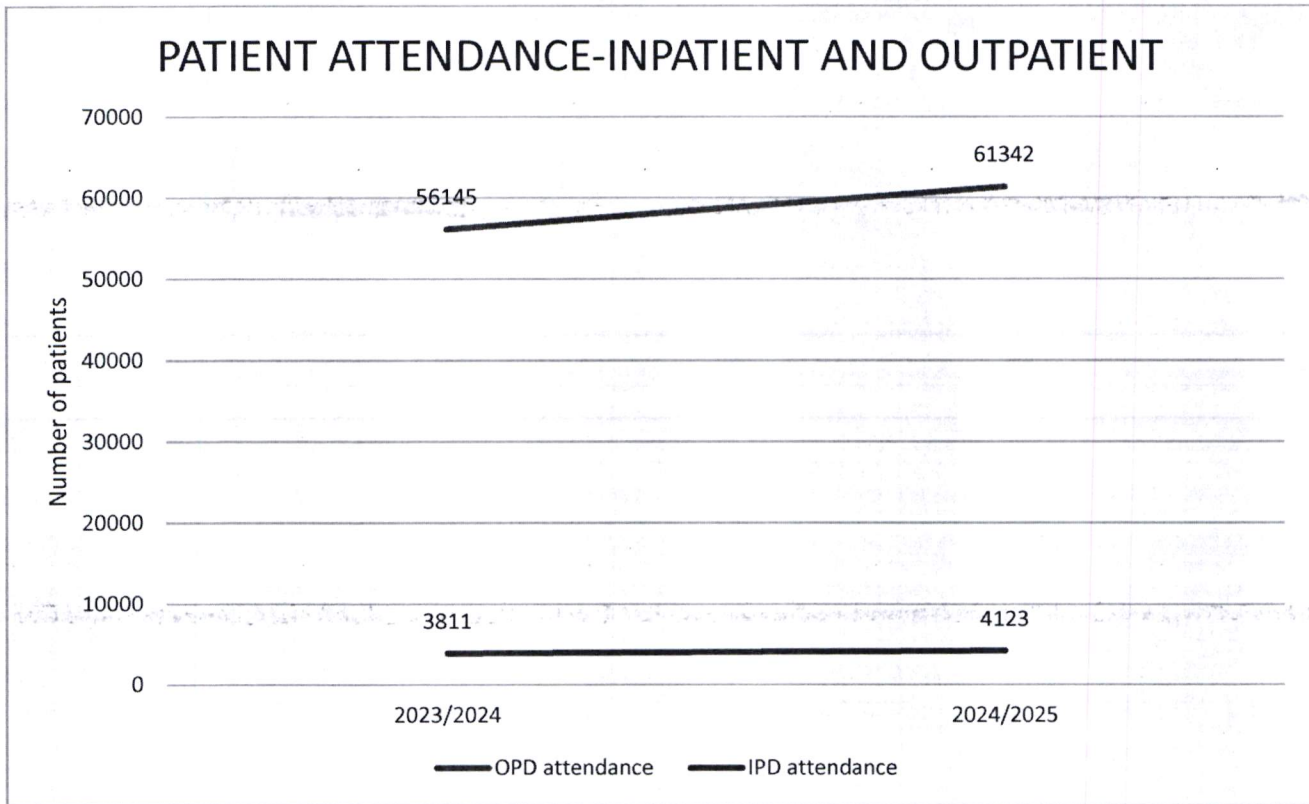
The following key areas are highlighted in showing the above:

- Bed capacity of the hospital.
- Overall patient attendance during the year for both inpatient and outpatient.
- Specialised clinic attendance
- Average length of stay for in patient
- Bed occupancy rate
- Mortality rate
- Sponsorships and partnerships

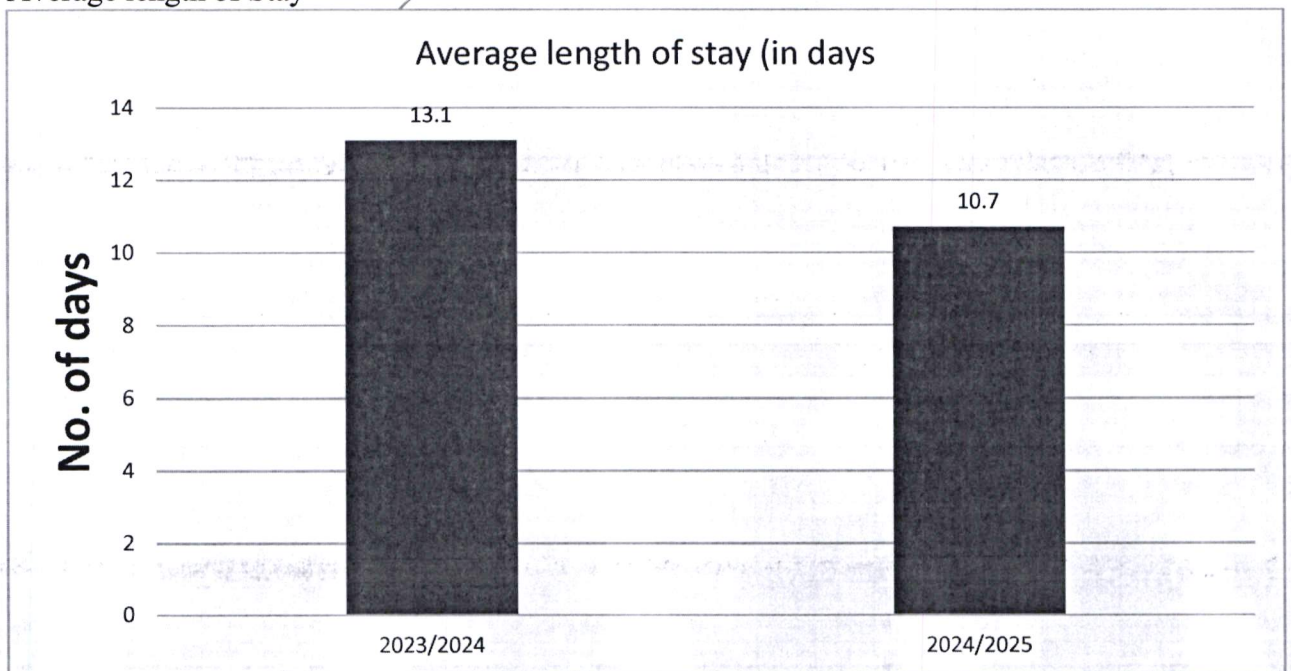
The overall annual performance is as illustrated below:

|  |            | <b>FY 2024-2025</b> | <b>FY 2023-2024</b> |
|--|------------|---------------------|---------------------|
| <b>Bed capacity</b>                                      |            | 420                 | 260                 |
| <b>Patient Attendance:<br/>Inpatient and Out-patient</b> | OPD Visits | 55,955              | 56,145              |
|  | IPD        | 2,275               | 3,811               |
| <b>Specialized Clinics attendance</b>                    |            | 21,345              | 18,686              |
| <b>Average Length of Stay (In-patients) in Days</b>      |            | 10.6                | 13.1                |
| <b>Bed Occupancy rate</b>                                |            | 98                  | 95.7                |
| <b>Mortality rate</b>                                    |            | 7%                  | 6.4%                |
| <b>Maternity (Total Deliveries)</b>                      |            | 2,484               | 2,509               |

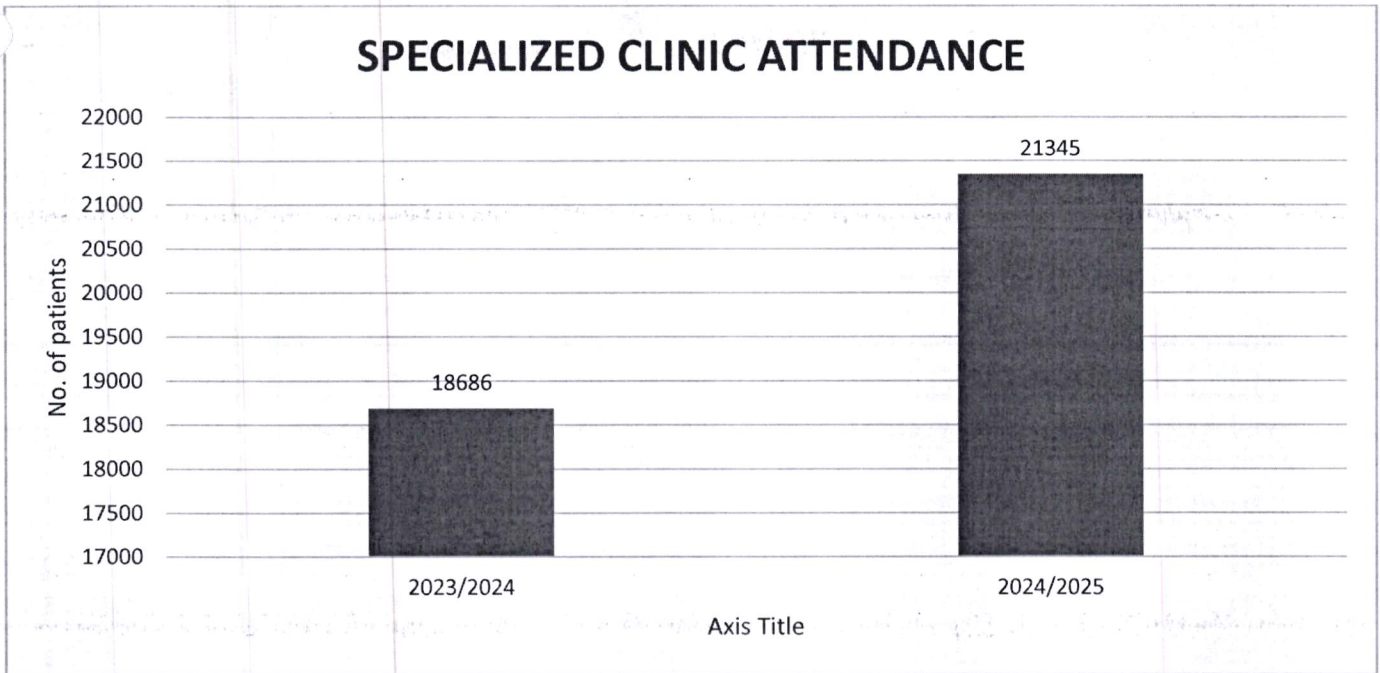
i) Patient attendance



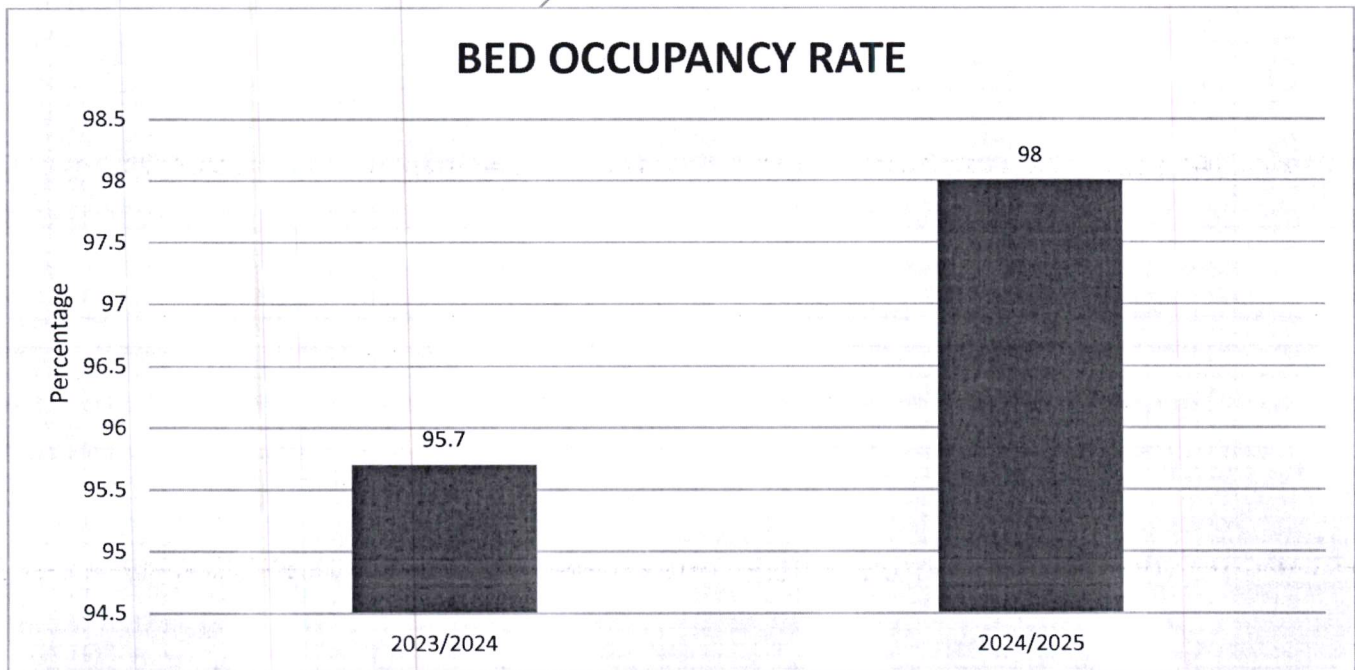
ii) Average length of Stay



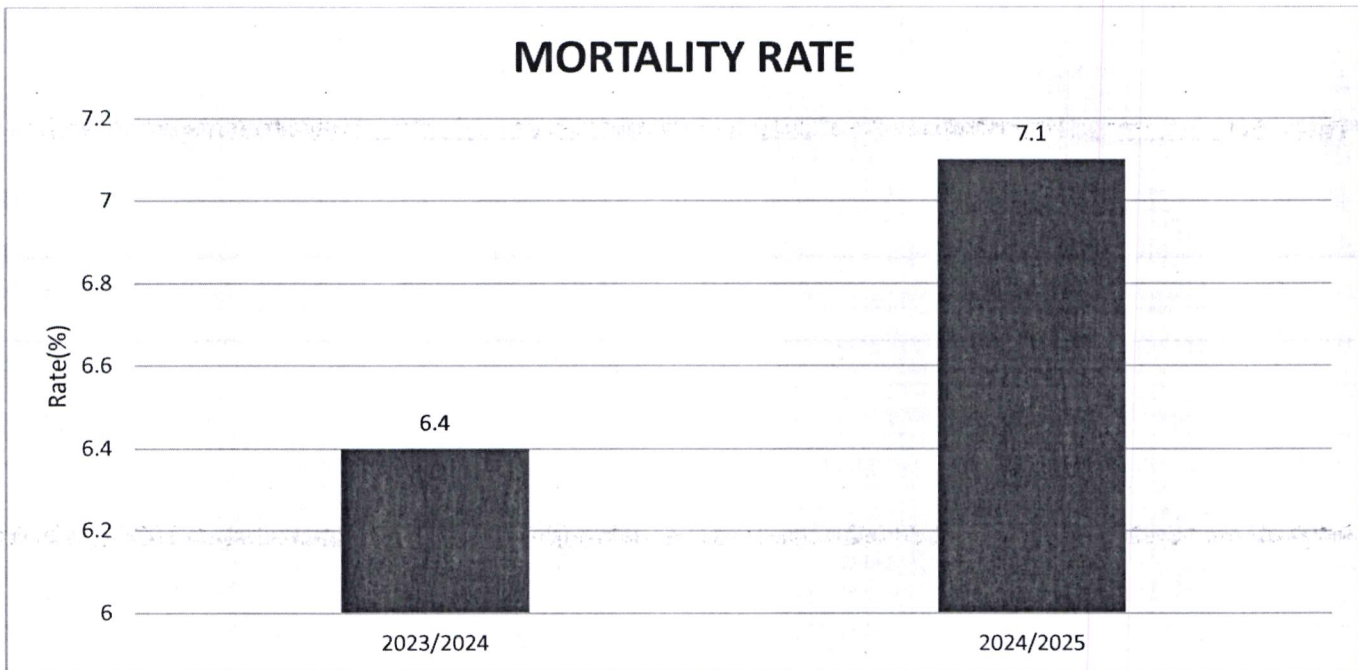
iii) Specialized Clinic attendance



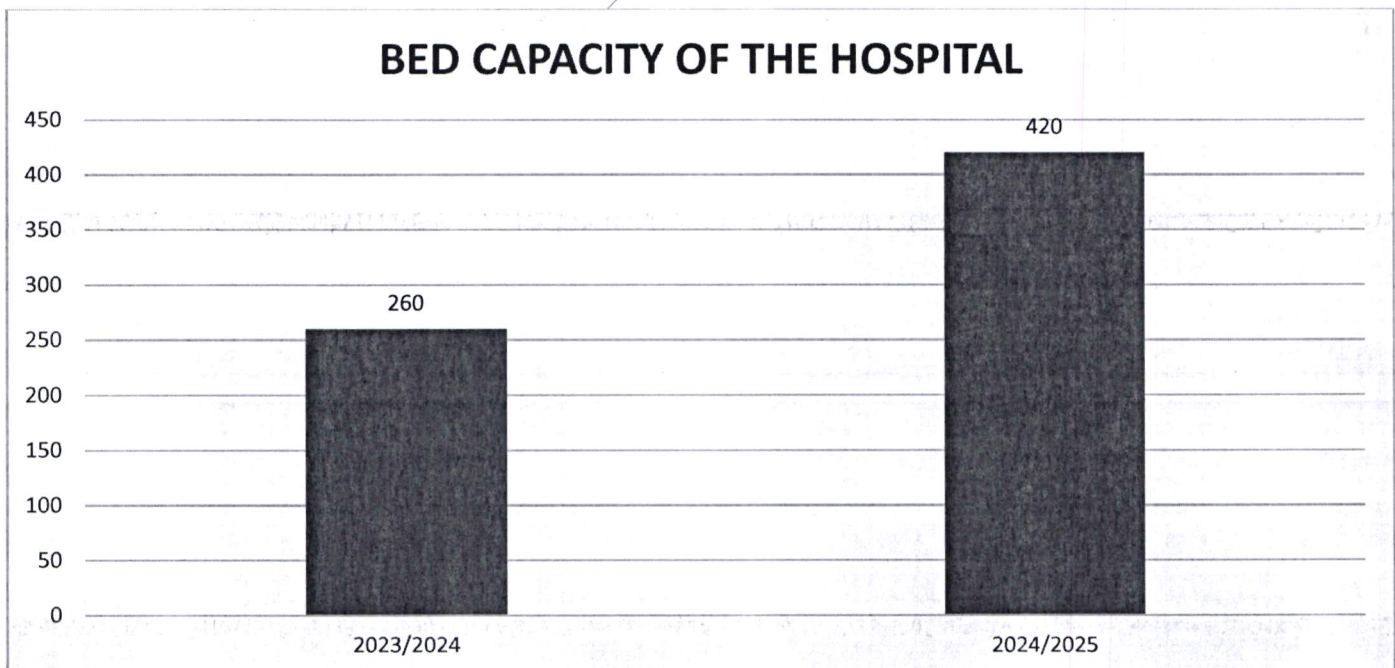
iv) Bed Occupancy Rate



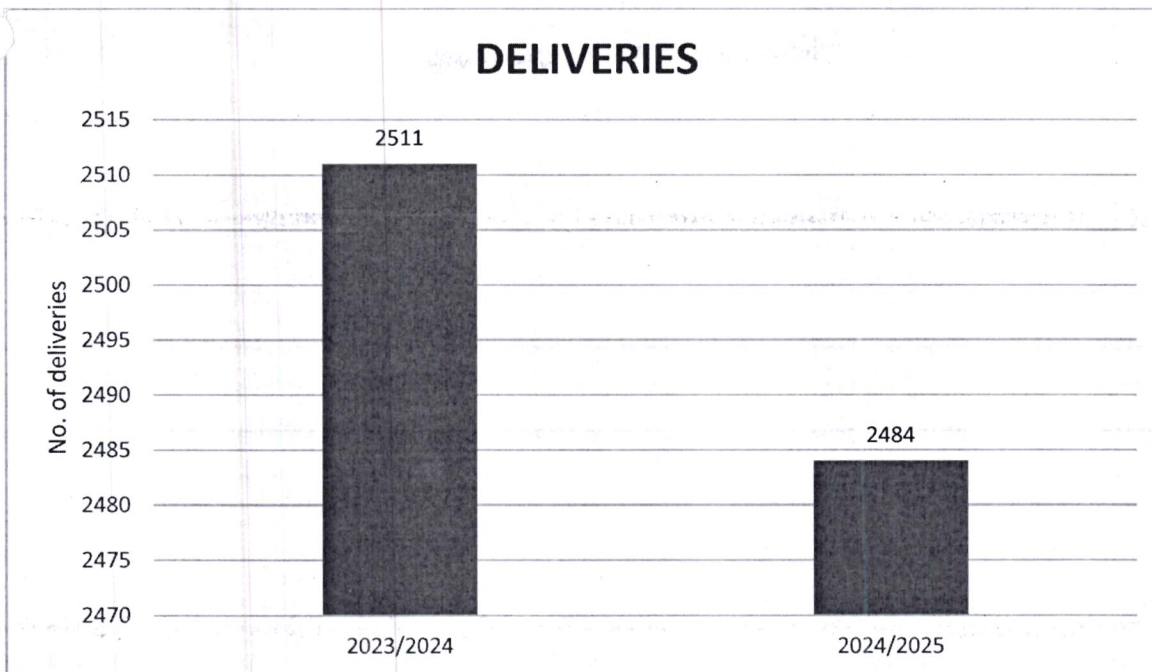
v) Mortality Rate



vi) Bed Capacity of the hospital



vii) **Maternity Deliveries**



**Financial Performance**

There was an increase in Revenue collection for financial year 2024-2025 compared to 2023-2024 this was due to the following;

- i) Increase in bed capacity lead to increased number of patients admitted hence increased in revenues.
- ii) Improved supply of pharmaceuticals lead also to improved services hence increased revenue.
- iii) Introduction of specialised laboratory services in 2024-2025 financial year also lead increased workload hence increase in revenue collection.
- iv) Improved service delivery due to availability of working materials also lead increase in work load hence increase in revenue.

**10. Environmental And Sustainability Reporting**

Nyamira County Referral Hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

**i) Sustainability strategy and profile**

Nyamira County Referral Hospital and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that Nyamira County Referral Hospital going concern is secured. The hospital has conducted a basic assessment of available options for feasible financing tools that would assure the hospital of its long-term sustainability. The hospital has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options, which include:

- Introduction of new specialized services such as surgery services
- Public Private Partnership
- Upgrading the hospital to national referral to get more funding
- Enhancing Client satisfaction through quality service care
- Bringing on board more financial institutions i.e., lobbying for more engagement with other insurance firms

**ii) Environmental performance**

Nyamira County Referral Hospital is using the National Health Care Waste Management policy guideline which is guiding us in the management of the waste that we generate in the organization and we have a copy of the policy.

**Successes**

- We are having color-coded bins [receptacles] at all generation points in the departments.
- There are segregation posters alongside the receptacles to guide in the segregation of waste.
- We have waste treatment equipment within the organization that helps us treat our waste and we only dispose of non-contaminated waste to the dumping site.
- The general cleanliness of the organization is well maintained both indoors and grounds.

**Challenges**

- Frequent breakdown of the equipment and the cost of repair.
- High-cost electricity bill.
- Shortage of staffs.
- Delay of funds disbursement.

### **Efforts to Reduce Environmental Impact of Waste Products**

The waste passes through a microwave during treatment process, which renders it harmless before they are taken to the dumpsite.

The incinerator burns the waste at a very high temperature and the products is harmless.

#### **iii) Employee welfare**

Hiring process involves bringing new employees on board. This is the mandate of the County Public Service Board reference made from the Public Service Commission Human Resource Manual and procedures May 2016, mentioned in section B which provides the rules governing recruitment and appointment of new officers.

Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. This is done by sponsorship and supporting employees to attend short courses offered by the government institutions.

Training programs are based on the identified needs from the training needs assessments and are emphasized for performance improvement addressing both individual and organizational goals.

Performance management system is a process conducted by the employer to identify areas of weakness and support the individuals in order to get better results. It's an annual exercise intended to provide employees with clear understanding of job expectations, regular feedback on performance, advice and steps for improving performance, rewards for good performance and actions for poor performance. It helps to measure performance and ultimately the achievement of intended results for the organization.

The Human Resource Manual procedures also provides for guidelines and standards for the prevention and protection of officer against accidents and occupational hazards arising at the work place. It provides for guidelines, procedures and modalities for the administration and payment of compensation for work related injuries and accidents contracted while and in the course of employment.

#### **iv) Market place practices-**

##### **a) Responsible competition practice.**

This is effectively done through proper use of the available county website for advertisement purposes as well as making good use of the instituted internal committees to help minimize corruption.

**b) Responsible Supply chain and supplier relations**

The NCRH ensures best involvement of suppliers in the tendering process and feedback given to suppliers in good time as well as prompt payment for the goods and services rendered.

**c) Responsible marketing and advertisement**

The NCRH strives to effectively to market and advertise its services and events through the use of the county website and daily newspapers.

**d) Product stewardship**

The NCRH in strives to adhere to best market practices in rendering its services and its products are highly standardized and adhere to KEBS standards and or the Pharmacy and Poisons Board standards to ensure safety to the consumers.

**v) Corporate Social Responsibility / Community Engagements**

Nyamira County Referral Hospital seeks to impact people's lives through its Corporate Social Responsibility (CSR) initiatives. The initiatives are aimed at improving lives and enhance engagement with the public. Central to this philosophy is the commitment to enhance the quality of life of people from marginalised and vulnerable communities, by empowering them and catalysing change through creating awareness on diseases and available interventions.

Our CSR initiatives are guided by three core principles Transparent, Accountability and Sustainability. Through the initiatives mentioned above, Nyamira County Referral Hospital has achieved the following results in FY 2024/2025.

**Free cervical and prostate cancer screening**

Over 100 members of the public received free screening for prostate and cervical cancer during the commemoration of the World Cancer month. Cancer is preventable and treatable if diagnosed early. Women need to undergo routine screening to detect cervical pre-cancers in order to offer treatment or vaccination to keep cervical cancer cell from developing. Many men suffer in silence with prostate cancer and therefore men were sensitized on the importance of routine screening to avert detection of the cancer when in advanced stages.

## **11. Report of The Board of Management**

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the *hospital's* affairs.

### **Principal activities**

The principal activities of the NCRH are (continue to be) provision of health care services to the general public.

### **Board Of Management**

The members of the Board who served during the year are

- Dr. John Nyaumah- Chairman
- Dr Angellah Ogendi- Secretary
- Mrs Beatrice Nyatigo-Member
- Mrs Florence Obunga-member
- Mr. Elvis Agwata Moseki-member

### **Auditors**

The Auditor General is responsible for the statutory audit of the *Nyamira county referral hospital* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....  
**Dr Angellah Ogendi**

**Secretary, Hospital Management Board**

**NYAMIRA COUNTY REFERRAL HOSPITAL**

## **12. Statement of Board of Management's Responsibilities**

Section 164 of the Public Finance Management Act, 2012) requires the Board of Management to prepare financial statements in respect of that Nyamira County Referral Hospital, which give a true and fair view of the state of affairs of the *hospital* at the end of the financial year/period and the operating results of the Nyamira County Referral Hospital for that year/period. The Board of Management is also required to ensure that the Nyamira County Referral Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the *hospital*. The council members are also responsible for safeguarding the assets of the Nyamira County Referral Hospital.

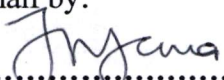
The Board of Management is responsible for the preparation and presentation of the Nyamira County Referral Hospital's financial statements, which give a true and fair view of the state of affairs of the Nyamira County Referral Hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *hospital*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.


The Board of Management accepts responsibility for the Nyamira County Referral Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Board members are of the opinion that the Nyamira County Referral Hospital's financial statements give a true and fair view of the state of Nyamira County Referral Hospital's transactions during the financial year ended June 30, 2025, and of the Nyamira County Referral Hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *hospital*, which have been relied upon in the preparation of the *hospital's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the Nyamira County Referral Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

### **Approval of the financial statements**

The Hospital's financial statements were approved by the Board on 27<sup>TH</sup> AUGUST 2025 and signed on its behalf by:

  
.....  
**Name: Dr. John Nyauma**  
**Chairperson**  
**Board of Management**

  
.....  
**Name: Dr. Angellah Ogendi**  
**Secretary**  
**Board of Management**

# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON NYAMIRA COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NYAMIRA

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Nyamira County Referral Hospital set out on pages 1 to 38, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in

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*Report of the Auditor-General on Nyamira County Referral Hospital for the year ended 30 June, 2025 – County Government of Nyamira*

net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nyamira County Referral Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Government Act, 2012 and the Health Act, 2017.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies In-Kind Contributions from County Governments**

The statement of financial performance reflects an amount of Kshs.665,501,716 in respect to in-kind contributions from the county government which includes Kshs.130,733,376, being medical supplies-drawing rights (KEMSA) as disclosed in Note 6 to the financial statements. However, delivery notes amounting to USD 709 equivalent to Kshs.91,461 were reported in USD currency instead of Kenya shillings currency contrary to Regulations 8(1) of the Public Finance Management (County Government) Regulations, 2015 which prescribe Kenya shillings as the reporting currency.

In the circumstances, the accuracy and completeness of in-kind contributions of Kshs.665,501,716 could not be confirmed.

#### **2. Unsupported Property, Plant and Equipment**

The statement of financial position and Note 19 to the financial statements reflect property, plant and equipment balance of Kshs.549,660,738 as at 30 June, 2025. However, the Note 19 to the financial statements has inaccuracies and anomalies noted below.

- i) The recomputed net book value for the motor vehicles is negative 125,000.
- ii) Note 19 reflects accumulated depreciation balance of 65,093,210 as at 30 June, 2024, while the correct re-cast balance is Kshs.63,124,110.
- iii) The Note reflects accumulated depreciation balance for the furniture, fittings and office equipment of Kshs.2,656,720 while the correct re-cast balance is Kshs.683,021 as at 30 June, 2025.
- iv) The statement of financial position reflects net book value as at 30 June, 2025 of Kshs.549,660,738 while the correct re-cast balance of Kshs.490,076,058.

Further, the depreciation rates applied to the various classes of assets have not been disclosed and it was not possible to confirm accuracy of depreciation as calculated.

In addition, Management did not maintain an updated asset register detailing the dates of acquisition, cost, supplier, location, depreciation, unique identification number, disposal and other details to control its assets. The eight (8) hectares parcel of land and all Hospital's buildings were not included in the asset register.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.549,660,738 could not be confirmed.

### **3. Undisclosed Intangible Assets Balance**

The statement of financial position reflects a Nil balance in respect of intangible assets. However, the Hospital owns a computer system that creates and generates revenue reports among other functionalities. The value of the system was not disclosed in the financial statements.

Further, the procurement documents for the systems were not provided for audit review. Management explained the computer systems was fully amortized but the Hospital was still drawing economic benefit from the system through creation and generation of revenue reports among other functionalities.

In the circumstances, the accuracy and completeness of the intangible assets Nil balance could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nyamira County Referral Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

#### **1. Budgetary Control and Performance**

The Hospital expended Kshs.273,280,527 against receipts of Kshs.304,072,735, resulting in under-absorption of Kshs.30,792,208 or 10% of actual receipts.

The under-absorption affected the implementation of planned activities and programs and may have impacted negatively on service delivery to the public.

#### **2. Nugatory Expenditure**

The statement of financial performance reflects employee cost of Kshs.523,556,494, which includes social contribution of Kshs.1,212,136 as disclosed in Note 9 to the financial statements. The social contribution of Kshs.1,212,136 includes NSSF penalty

fee of Kshs.1,000,000 charged for unremitted statutory deduction from 2012.The expenditure is a loss of public funds and had the hospital remitted all statutory deductions, the entity would have saved the Kshs.1,000,000.

The hospital also paid Kshs.28,176 to NSSF as penalty for unremitted NSSF deduction from September, 2023 to May, 2024. The unremitted amount was Kshs.183,960. Further the payable of Kshs.183,960 was not disclosed in the financial statement.

In the circumstances, the expenditure was nugatory and the financial statements are misstated due to omission of payables of Kshs.183,960.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Prior Year Matters**

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given evidence on the issues stated as resolved. The Management is in contravention of Section 149(2)(l) of the Public Finance Management Act, 2012 which requires the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

### **Other Information**

Management is responsible for the Other Information set out on page iii to xxxii which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management, Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My Opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1. Non-Compliance Kenya Quality Model for Health

Review of Hospital records and interviews revealed that the Hospital had thirteen (13) medical officers against the required fifty (50), eight one (81) Kenya Registered Community Health Nurses against the required two hundred and fifty (250), one (1) gynaecologist against required four (4), Nil (0) radiologist against required four (4) and two (2) general surgeons against required four (4).

Further, the Hospital has Nil (0) advanced life support machines against the required six (6), four (4) functional intensive care unit beds against required six (6), and no high dependency unit beds against the required twelve (12) for a level 4 Hospital.

These deficiencies contravene the First Schedule of the Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

In the circumstances, Management was in breach of the law.

#### 2. Unremitted National Industrial Training Authority (NITA) Deductions

During the year, the Hospital did not collect and remit NITA levy totalling Kshs.27,600 from the forty-six (46) casual employees. This is contrary to Industrial training, Act section 5 (Cap 237) which requires every employer to pay the training levy to the Commissioner-General not later than the fifth day of the month following the month in which the levy becomes due.

In the circumstances, Management is at risks of paying penalties and fines due to non-remittance of the levy.

### **3. Non-Remittance of Affordable Housing Levy**

Review of the financial records revealed that the facility did not remit housing levy of undetermined amount for the period under review thereby violating the Affordable Housing Levy (AHL) Act, 2023, which directs all employees irrespective of their contract of service to pay the affordable housing levy to Kenya Revenue Authority through their employers.

In the circumstances, Management was in breach of the law.

### **4. Failure to Make and Remit Deductions**

Review of the payroll records revealed that in the months of August, September and October 2024 the entity paid gross wages of Kshs.272,020 to casual employees without making statutory deductions including PAYE, NHIF and NSSF for nine (9) casual employees.

In the circumstances, Management was in breach of the law.

### **5. Non-Compliance with Persons with Disability Act**

Review of the muster roll revealed that the Hospital had 38 casual employees on contractual terms but none was a person with disability contrary to Section 21(1)(2) of Persons with Disability Act, 2025 which require every employer to reserve at least five per cent direct employment opportunities for persons with disabilities to secure employment

In the circumstances, Management was in breach of the law.

### **6. Failure to Comply with Work Injury Benefit Act, (WIBA) 2007 Criteria**

During the year under review the Hospital did not secure WIBA Insurance for the employees contrary to Section 7(1) of Work Injury Benefit Act, 2007 which provides that every employer shall obtain and maintain an insurance policy, with an insurer approved by the Minister in respect of any liability that the employer may incur under this Act to any of his employees.

In the circumstances, Management was in breach of the law.

### **7. Irregular Transfer of Facility Improvement Funds**

The statement of financial performance and Note 13 to the financial statements reflect transfers of facility improvement funds to other county government entities of Kshs.2,985,000. The transfers were made to Sub- County Ministry of Health (SC-MOH) and County Health Management Team (CHMT) for Kshs.597,000 and Kshs.2,388,000, respectively, in contravention of Section 5(1) of the Facility Improvement Act no. 14 of 2023 which requires level 1 to 5 facilities to retain all the monies raised.

In the circumstances, Management was in breach of the law and the facility may have been deprived of critical resources necessary for its operational and service delivery.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### Basis for Conclusion

#### 1. Lack of Assets Management and Controls System

Review of the Hospital fixed asset register revealed the following anomalies;

- i. The asset register maintained was not updated and detailed supporting schedules and analysis for each asset category was not provided for audit review.
- ii. The size of land and the value for the parcels of land owned by the Hospital were not provided for audit review.
- iii. Key assets information including accumulated depreciation, net book values were not included in the asset register.
- iv. Management did not provide title deeds for the parcel of land owned by the Hospital. It was therefore not possible to confirm the ownership status and security of the Hospital's land.
- v. Management did not provide evidence of valuation of the major assets since the year 2014.
- vi. Management did not provide records for assets count and verification carried at regular intervals to confirm existence and condition of the recorded assets.
- vii. Most of the assets were not tagged and asset movement registers were not properly maintained.
- viii. There were some unserviceable assets which were bonded but there was no evidence of disposal of any assets in the last three years to save on storage costs, space and obtain better salvage value.
- ix. The assets acquired during the year under review, valued at Kshs.12,320,420 were not entered in the fixed assets register.

In the circumstances, the effectiveness of controls over the assets could not be confirmed.

## **2. Ineffective Internal Audit and Audit Committee**

Review of internal controls, risks management and governance structures revealed that the Hospital established internal audit and audit committee. However, during the year no internal audit report was presented for review indicating that internal audit unit may not have conducted reviews of operations as expected.

Further, the audit committee had not met to assess and review the adequacy and effectiveness of internal controls.

In addition, the finance officer, a member of management directly involved with financial operations is a member of audit committee and thus there is conflicts of interests and the independence of oversight mechanisms.

In the circumstances, the effectiveness of internal controls and governance could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and the Board of Management**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Management is responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS

**AUDITOR-GENERAL**

**Nairobi**

**01 December, 2025**

**14. Statement of Financial Performance for The Year Ended 30 June 2025**

| Description                                      | Note | 2024/2025            | 2023/2024           |
|--|------|----------------------|---------------------|
|  |      | Kshs                 | Kshs                |
| <b>Revenue from non-exchange transactions</b>    |      |                      |                     |
| In-kind contributions from the County Government | 6    | 665,501,716          | 520,624,433         |
|  |      | <b>665,501,716</b>   | <b>520,624,433</b>  |
| <b>Revenue from exchange transactions</b>        |      |                      |                     |
| Rendering of services- Medical Service Income    | 7    | 408,521,220          | 171,412,735         |
| <b>Revenue from exchange transactions</b>        |      | <b>408,521,220</b>   | <b>171,412,735</b>  |
| <b>Total revenue</b>                             |      | <b>1,074,022,936</b> | <b>692,037,168</b>  |
|  |      |                      |                     |
| <b>Expenses</b>                                  |      |                      |                     |
| Medical/Clinical costs                           | 8    | 306,079,445          | 120,723,687         |
| Employee costs                                   | 9    | 523,556,494          | 490,817,453         |
| Board of Management Expenses                     | 10   | 1,404,000            | 1,010,000           |
| Depreciation and amortization expense            | 11   | 32,535,367           | 27,249,066          |
| Repairs and maintenance                          | 12   | 10,228,556           | 8,430,438           |
| Transfers to other county government entities    | 13   | 2,985,000            | 8,870,048           |
| General expenses                                 | 14   | 71,229,249           | 61,637,153          |
| <b>Total expenses</b>                            |      | <b>948,018,111</b>   | <b>718,737,845</b>  |
| <b>Other gains/(losses)</b>                      |      |                      |                     |
| Medical services contracts Gains/Losses          | 15   | (2,386,919)          | (5,019,888)         |
| <b>Total other gains/(losses)</b>                |      | <b>(2,386,919)</b>   | <b>(5,019,888)</b>  |
| <b>Net Surplus / (Deficit) for the year</b>      |      | <b>123,617,906</b>   | <b>(31,720,565)</b> |

(The notes set out on pages 23 to 33 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 27<sup>TH</sup> AUGUST 2025 and signed on its behalf by:

.....  
**Dr. John Nyauma**  
**Chairman**  
**Board of Management**

.....  
**Jemimah Abuga**  
**Head of Finance**  
**ICPAK No:12842**

.....  
**Dr. Angellah Ogendi**  
**Medical Superintendent**  
**Nyamira county referral**

*Nyamira County Referral Hospital (Nyamira County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**

| Description                                | Note | 2024/2025          | 2023/2024          |
|--|------|--------------------|--------------------|
|  |      | Kshs               | Kshs               |
| <b>Assets</b>                              |      |                    |                    |
| <b>Current assets</b>                      |      |                    |                    |
| Cash and cash equivalents                  | 16   | 30,792,208         | 1,886,350          |
| Prepayments                                |      |                    |                    |
| Receivables from exchange transactions     | 17   | 107,115,797        | 12,041,325         |
| Receivables from non-exchange transactions |      |                    |                    |
| Inventories                                | 18   | 35,703,114         | 28,800,777         |
| <b>Total Current Assets</b>                |      | <b>173,611,119</b> | <b>42,728,452</b>  |
| <b>Non-current assets</b>                  |      |                    |                    |
| Property, plant, and equipment             | 19   | 549,660,738        | 573,415,115        |
| <b>Total Non-current Assets</b>            |      | <b>549,660,738</b> | <b>573,415,115</b> |
|  |      |                    |                    |
| <b>Total assets (A)</b>                    |      | <b>723,271,857</b> | <b>616,143,567</b> |
| <b>Liabilities</b>                         |      |                    |                    |
| <b>Current liabilities</b>                 |      |                    |                    |
| Trade and other payables                   | 20   | 12,379,269         | 28,868,885         |
| <b>Total Current Liabilities</b>           |      | <b>12,379,269</b>  | <b>28,868,885</b>  |
| <b>Non-current liabilities</b>             |      |                    |                    |
| <b>Total non-current liabilities</b>       |      | -                  | -                  |
| <b>Total Liabilities (B)</b>               |      | <b>12,379,269</b>  | <b>28,868,885</b>  |
| <b>Net assets (A-B)</b>                    |      | <b>710,892,588</b> | <b>587,274,682</b> |
| <b>Represented by:</b>                     |      |                    |                    |
| Accumulated surplus/Deficit                |      | 69,753,496         | (53,864,410)       |
| Capital Fund                               |      | 641,139,092        | 641,139,092        |
| <b>Net Assets</b>                          |      | <b>710,892,588</b> | <b>587,274,682</b> |

*(The notes on pages 23 to 33 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on 27<sup>TH</sup> AUGUST 2025 and signed on its behalf by:

.....  
*Dr. John Nyauma*

**Dr. John Nyauma**  
**Chairman**  
**Board of Management**

.....  
*Jemimah Abuga*

**Jemimah Abuga**  
**Head of Finance**  
**ICPAK No:12842**

.....  
*Dr. Angellah Ogendi*

**Dr. Angellah Ogendi**  
**Medical Superintendent**  
**.Nyamira county referral**

**16. Statement of Changes in Net Assets for The Year Ended 30 June 2025**

| Description                                | Revaluation reserve | Accumulated surplus/Deficit | Capital Fund       | Total               |
|--|---------------------|-----------------------------|--------------------|---------------------|
| <b>As at July 1, 2023 (previous year)</b>  | -                   | <b>(22,143,845)</b>         | <b>641,139,092</b> | <b>618,995,247</b>  |
| Revaluation gain                           | -                   | -                           | -                  | -                   |
| Surplus/(deficit) for the year             | -                   | <b>(31,720,565)</b>         | -                  | <b>(31,720,565)</b> |
| Capital/Development grants                 | -                   | -                           | -                  | -                   |
| <b>As at June 30, 2024 (previous year)</b> | -                   | <b>(53,864,410)</b>         | <b>641,139,092</b> | <b>587,274,682</b>  |
|  | -                   |                             |                    |                     |
| <b>At July 1, 2024 (current year)</b>      | -                   | <b>(53,864,410)</b>         | <b>641,139,092</b> | <b>587,274,682</b>  |
| Revaluation gain                           | -                   |                             | -                  | -                   |
| Surplus/(deficit) for the year             | -                   | 123,617,906                 | -                  | 123,617,906         |
| Capital/Development grants                 | -                   | -                           | -                  | -                   |
| <b>At June 30, 2025 (current year)</b>     | -                   | <b>69,753,496</b>           | <b>641,139,092</b> | <b>710,892,588</b>  |

**17. Statement of Cash Flows for The Year Ended 30 June 2025**

| Description   | Note      | 2024/2025           | 2023/2024          |
|---|-----------|---------------------|--------------------|
|   |           | Kshs                | Kshs               |
| <b>Cash flows from operating activities</b>                 |           |                     |                    |
| <b>Receipts</b>   |           |                     |                    |
| Rendering of services- Medical Service Income               |           | 302,186,385         | 166,320,847        |
| <b>Total Receipts</b>                                       |           | <b>302,186,385</b>  | <b>166,320,847</b> |
|   |           |                     |                    |
| <b>Payments</b>   |           |                     |                    |
| Medical/Clinical costs                                      |           | 165,246,300         | 87,184,237         |
| Employee costs  |           | 9,829,502           | 3,732,470          |
| Board of Management Expenses                                |           | 1,441,500           | 1,010,000          |
| Repairs and maintenance                                     |           | 10,228,556          | 8,430,438          |
| Transfers to Other Government Entities                      |           | 2,985,000           | 8,870,048          |
| General expenses  |           | 71,229,249          | 61,637,153         |
| <b>Total Payments</b>                                       |           | <b>260,960,107</b>  | <b>170,864,346</b> |
| <b>Net cash flows from operating activities</b>             |           | <b>41,226,278</b>   | <b>(4,543,499)</b> |
| <b>Cash flows from investing activities</b>                 |           |                     |                    |
| Purchase of property, plant, equipment                      |           | (12,320,420)        | (3,701,000)        |
| <b>Net cash flows used in investing activities</b>          |           | <b>(12,320,420)</b> | <b>(3,701,000)</b> |
| <b>Cash flows from financing activities</b>                 |           |                     |                    |
| <b>Net cash flows used in financing activities</b>          |           |                     |                    |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |           | <b>28,905,858</b>   | <b>(8,244,499)</b> |
| Cash and cash equivalents as at 1 July                      | 16        | 1,886,350           | 10,130,849         |
| <b>Cash and cash equivalents as at 30 June</b>              | <b>16</b> | <b>30,792,208</b>   | <b>1,886,350</b>   |

*Nyamira County Referral Hospital (Nyamira County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025**

| Description                                   | Original budget    | Adjustments | Final budget       | Actual on comparable basis | Performance difference | % of utilisation |
|---|--------------------|-------------|--------------------|----------------------------|------------------------|------------------|
|   | A                  | b           | c=(a+b)            | d                          | e=(c-d)                | f=d/c%           |
|   | Kshs               | Kshs        | Kshs               | Kshs                       | Kshs                   |                  |
| Budget carryovers from the previous year      | 1,886,350          |             | 1,886,350          | 1,886,350                  | -                      | 100%             |
| <b>Receipts</b>                               |                    |             |                    |                            |                        |                  |
| Rendering of services- Medical Service Income | 300,000,000        | -           | 300,000,000        | 302,186,385                | 88,625                 | 98%              |
| <b>Total receipts</b>                         | <b>301,974,975</b> | <b>-</b>    | <b>301,974,975</b> | <b>304,072,735</b>         | <b>88,625</b>          | <b>97%</b>       |
| <b>Payments</b>                               |                    |             |                    |                            |                        |                  |
| Medical/Clinical costs                        | 173,974,975        | -           | 173,974,975        | 165,246,300                | 8,728,675              | 95%              |
| Employee costs                                | 15,000,000         | -           | 15,000,000         | 9,829,502                  | 5,170,498              | 65%              |
| Remuneration of directors                     | 1,500,000          | -           | 1,500,000          | 1,441,500                  | 58,500                 | 96%              |
| Repairs and maintenance                       | 11,500,000         | -           | 11,500,000         | 10,228,556                 | 1,271,444              | 87%              |
| Transfers to other County Government entities | 5,000,000          | -           | 5,000,000          | 2,985,000                  | 2,015,000              | 59%              |
| General expenses                              | 77,000,000         | -           | 77,000,000         | 71,229,249                 | 5,770,751              | 93%              |
| Acquisition of Assets                         | 18,000,000         | -           | 18,000,000         | 12,320,420                 | 5,679,580              | 68%              |
| <b>Total Operational Expenditure paid</b>     | <b>301,974,975</b> | <b>-</b>    | <b>301,974,975</b> | <b>273,280,527</b>         | <b>28,694,448</b>      |                  |
| <b>Capital Expenditure paid</b>               | <b>-</b>           | <b>-</b>    | <b>-</b>           | <b>-</b>                   | <b>-</b>               |                  |
| <b>Surplus</b>                                | <b>-</b>           | <b>-</b>    | <b>-</b>           | <b>30,792,208</b>          | <b>-</b>               |                  |

*Nyamira County Referral Hospital (Nyamira County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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:  
**Budget Reconciliation**

|   | Description of Particulars  | Amount in Kshs |
|---|---|----------------|
| . | Actual Surplus Amounts as per the statement of Budget               | 30,792,208     |
| 1 | Reason for differences  | -              |
| 2 | Reason for differences  | -              |
| 3 | Reason for differences  | -              |
| 4 | Reason for differences  | -              |
|   | Closing Cash and Cash Equivalent as per the statement of Cash flows | 30,792,208     |

## **19. Notes to the Financial Statements**

### **1. General Information**

Nyamira County Referral Hospital (NCRH) is established by and derives its authority and accountability from Health Act. The NCRH is wholly owned by the Nyamira County Government and is domiciled in Nyamira County in Kenya. NCRH's principal activity is to health provision.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Nyamira County Referral Hospital*. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

*i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025*

There were no new and amended standards issued in the financial year.

*ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

| <b>Standard</b>  | <b>Effective date and impact:</b>   |
|--|---|
| IPSAS 43   | <p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44:<br>Non- Current<br>Assets Held<br>for Sale and<br>Discontinued<br>Operations | <p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>  |
| IPSAS 45-<br>Property<br>Plant and<br>Equipment  | <p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the</p>  |

| Standard                                   | Effective date and impact:   |
|--|--|
|  | <p>criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>   |
| <p>IPSAS 46<br/>Measurement</p>            | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| <p>IPSAS 47-<br/>Revenue</p>               | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>   |
| <p>IPSAS 48-<br/>Transfer<br/>Expenses</p> | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial</p>  |

| Standard  | Effective date and impact:   |
|---|--|
|   | statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.  |
| IPSAS 49- Retirement Benefit Plans                          | <p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>  |
| IPSAS 50: Exploration For & Evaluation of Mineral Resources | <p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li data-bbox="459 958 1359 1048">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li data-bbox="459 1070 1359 1205">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li data-bbox="459 1227 1359 1473">iii. Disclosures that identify and explain the amounts in NCRH's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol> |

**iii) Early adoption of standards**

The Hospital did not early – adopt any new or amended standards in the financial year

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *NCRH* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

*NCRH* recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the *NCRH*.

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**Notes to the Financial Statements (Continued)**

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board on *June 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *NCRH* recorded additional appropriations on the FY 2024/2025 budget following the Board's approval. The *NCRH's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of cash flows.

**c. Taxes**

**Sales tax/ Value Added Tax**

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

*Notes to the Financial Statements (Continued)*

**d. Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 10 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use.

**e. Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the NCRH recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

| <b>Asset</b>                   | <b>Depreciation Rate</b> |
|--------------------------------|--------------------------|
| Buildings                      | 2.5%                     |
| Motor Vehicles                 | 25%                      |
| Computer Equipment             | 33.333%                  |
| Intangible Assets              | 33.333%                  |
| Furniture, Fixtures & Fittings | 12.5%                    |
| Other Assets                   | 12.5%                    |

*Notes to the Financial Statements (Continued)*

**f. Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

*Notes to the Financial Statements (Continued)*

**g. Biological Assets**

The NCRH recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the NCRH, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**h. Research and development costs**

The NCRH expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the NCRH can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- The asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**i. Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one NCRH and a financial liability or equity instrument of another entity. At initial recognition, the NCRH measures a financial asset or financial liability at its fair value plus or minus, in the

case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

## **Financial assets**

### **Classification of financial assets**

The NCRH classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the NCRH's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an NCRH has made irrevocable election at initial recognition for particular investments in equity instruments.

### **Subsequent measurement**

Based on the business model and the cash flow characteristics, the NCRH classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

#### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

#### **Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

#### **Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the NCRH manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

#### **Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

#### **Impairment**

The NCRH assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The NCRH recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss..

## **Financial liabilities**

### **Classification**

The NCRH classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

#### **j. Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour, and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the NCRH.

#### **k. Provisions**

Provisions are recognized when the NCRH has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the NCRH expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

*Notes to the Financial Statements (Continued)*

**l. Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The NCRH recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the NCRH will incur in fulfilling the present obligations represented by the liability.

**m. Contingent liabilities**

The NCRH does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**n. Contingent assets**

The NCRH does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NCRH in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**o. Nature and purpose of reserves**

The NCRH creates and maintains reserves in terms of specific requirements

**p. Changes in accounting policies and estimates**

The NCRH recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

*Notes to the Financial Statements (Continued)*

**q. Employee benefits**

**Retirement benefit plans**

The NCRH provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an NCRH pays fixed contributions into a separate NCRH (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**r. Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**s. Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**t. Related parties**

The NCRH regards a related party as a person or an NCRH with the ability to exert control individually or jointly, or to exercise significant influence over the *NCRH*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

**u. Service concession arrangements**

The NCRH analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *NCRH* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *NCRH* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**v. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**w. Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**x. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

## **5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the NCRH's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### **Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The NCRH based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the NCRH. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

### **Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the NCRH.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

### **Provisions**

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Notes to Financial Statements Continued**

**6. In Kind Contributions from The County Government**

| Description   | 2024/2025          | 2023/2024          |
|---|--------------------|--------------------|
|   | KShs               | KShs               |
| Salaries and wages  | 514,162,692        | 487,084,983        |
| Medical supplies-Drawings Rights (KEMSA)                          | 130,733,376        | 30,528,521         |
| Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers) |                    | 2,931,633          |
| US AID  | 20,605,648         | 79,296             |
|   |                    |                    |
| <b>Total grants in kind</b>                                       | <b>665,501,716</b> | <b>520,624,433</b> |

**7. Rendering of Services-Medical Service Income**

| Description   | 2024/2025          | 2023/2024          |
|---|--------------------|--------------------|
|   | Kshs               | Kshs               |
| Pharmaceuticals                                     | 4,430,201          | 3,646,795          |
| In Patient  | 11,866,088         | 11,109,863         |
| Laboratory  | 11,601,129         | 9,076,426          |
| Radiology   | 13,477,115         | 10,808,455         |
| Farewell home services                              | -                  | 510,500            |
| Theatre   | -                  | 5,795,444          |
| Registration  | 6,082,184          | -                  |
| Procedure   | 8,299,459          | -                  |
| Inventory   | 453,866            | -                  |
| Waivers   | 2,386,919          | 5,091,888          |
| Insurances-SHA/NHIF                                 | 349,924,259        | 120,335,506.       |
| <b>Total revenue from the rendering of services</b> | <b>408,521,220</b> | <b>171,412,735</b> |

**Notes to the Financial Statements (Continued)**

**8. Medical/ Clinical Costs**

| Description                            | 2024/2025          | 2023/2024          |
|--|--------------------|--------------------|
|  | Kshs               | Kshs               |
| Dental costs/ materials                | 232,700            | -                  |
| Laboratory chemicals and reagents      | 5,551,416          | 8,990,513          |
| Public health activities               |                    | 2,887,000          |
| Food and Ration                        | 38,340,371         | 18,459,737         |
| Uniform, clothing, and linen           | 2,435,310          | 200,000            |
| Dressing and Non-Pharmaceuticals       | 30,703,625         | 9,108,399          |
| Pharmaceutical supplies                | 15,951,545         | 19,973,799         |
| Theatre implants                       | 16,060,000         | 7,654,074          |
| Renal Materials                        | 16,021,600         | 8,215,326          |
| Sanitary and cleansing Materials       | 14,682,777         | 2,156,925          |
| Purchase of Medical gases              | 90,000             | 137,600            |
| X-Ray/Radiology supplies               | 5,631,895          | 4,401,041          |
| Purchase of firewood and cooking gas   | 9,069,452          | 4,435,473          |
| Medical Supplements                    | 6,118,384          |                    |
| ENT                                    |                    | 49,850             |
| Utensils                               | 126,710            |                    |
| Mortuary                               |                    | 514,500            |
| In Aid Donation from County Government | 151,339,024        | 33,539,450         |
| <b>Total medical/ clinical costs</b>   | <b>306,079,445</b> | <b>120,723,687</b> |

**9. Employee Costs**

| Description                             | 2024/2025          | 2023/2024          |
|---|--------------------|--------------------|
|   | Kshs               | Kshs               |
| Salaries in kind                        | 514,162,692        | 487,084,983        |
| Salaries and Wages for casual employees | 8,181,666          | 3,732,470          |
| Social contribution                     | 1,212,136          | -                  |
| <b>Employee costs</b>                   | <b>523,556,494</b> | <b>490,817,453</b> |

**Notes to the Financial Statements (Continued)**

**10. Board of Management Expenses**

| Description       | 2024/2025        | 2023/2024        |
|-------------------|------------------|------------------|
|                   | Kshs             | Kshs             |
| Sitting allowance | 1,404,000        | 1,010,000        |
| <b>Total</b>      | <b>1,404,000</b> | <b>1,010,000</b> |

**11. Depreciation and Amortization Expense**

| Description                                | 2024/2025         | 2023/2024         |
|--|-------------------|-------------------|
|  | Kshs              | Kshs              |
| Property, plant and equipment              | 32,535,367        | 27,249,066        |
| <b>Total depreciation and amortization</b> | <b>32,535,367</b> | <b>27,249,066</b> |

**12. Repairs And Maintenance**

| Description                          | 2024/2025         | 2023/2024        |
|--------------------------------------|-------------------|------------------|
|                                      | Kshs              | Kshs             |
| Property- Buildings                  | 2,400,000         | 4,743,024        |
| Medical equipment                    | 4,401,870         | 2,343,800        |
| Computers and accessories            | 933,968           | -                |
| Motor vehicle expenses               | 2,492,718         | 1,343,614        |
| <b>Total repairs and maintenance</b> | <b>10,228,556</b> | <b>8,430,438</b> |

**Notes to the Financial Statements (Continued)**

**13. Transfers to Other Government Entities**

| Description                          | 2024/2025        | 2023/2024        |
|--------------------------------------|------------------|------------------|
|                                      | Kshs             | Kshs             |
| County health management team        | 597,000          | 2,481,759        |
| Sub county medical officer of health | 2,388,000        | 6,388,289        |
| <b>Total grants and subsidies</b>    | <b>2,985,000</b> | <b>8,870,048</b> |

**14. General Expenses**

| Description                         | 2024/2025         | 2023/2024         |
|-------------------------------------|-------------------|-------------------|
|                                     | Kshs              | Kshs              |
| Advertising and publicity expenses  | -                 | 82,000            |
| Bank charges                        | 65,334            | -                 |
| Trainings and Conferences           | 2,777,653         | -                 |
| Patient traveling cost              | 6,418,400         | -                 |
| Contracted services                 | 14,744,208        | 10,749,552        |
| Security Cost                       | 3,990,000         | -                 |
| Electricity expenses                | 21,999,609        | 17,752,200        |
| Fuel and Lubricants                 | 8,943,901         | 7,664,268         |
| Travel and accommodation allowance  | 38,89,516         | 15,937,224        |
| Courier and postal services         | 18,900            | -                 |
| Printing and stationery             | 2,607,311         | 4,975,851         |
| Rent expenses                       | -                 | 556,800           |
| Water and sewerage costs            | 4,503,110         | 3,468,250         |
| Telephone and mobile phone services | -                 | 451,008           |
| Internet expenses                   | 1,271,307         | -                 |
| <b>Total General Expenses</b>       | <b>71,229,249</b> | <b>61,637,153</b> |

**15. Medical Services Contracts Gains /Losses**

| Description            | 2024/2025        | 2023/2024        |
|------------------------|------------------|------------------|
|                        | KShs             | KShs             |
| Waivers and Exemptions | 2,386,919        | 5,019,888        |
| <b>Total Gain/Loss</b> | <b>2,386,919</b> | <b>5,019,888</b> |

**16. Cash And Cash Equivalents**

| Description                            | 2024/2025         | 2023/2024        |
|--|-------------------|------------------|
|  | KShs              | KShs             |
| Current accounts                       | 30,792,208        | 1,886,350        |
| Cash in hand                           | -                 | -                |
| <b>Total cash and cash equivalents</b> | <b>30,792,208</b> | <b>1,886,350</b> |

Notes to the Financial Statements (Continued)

(a). Detailed Analysis of Cash and Cash Equivalents

| Description               |                | 2024/2025         | 2023/2024        |
|---------------------------|----------------|-------------------|------------------|
| Financial institution     | Account number | KShs              | KShs             |
| <b>a) Current account</b> |                |                   |                  |
| Kenya Commercial bank     | 1152757091     | 29,556,016        | 1,886,350        |
| Kenya Commercial bank     | 1331435463     | 1,236,192         | -                |
| <b>Sub- total</b>         |                | <b>30,792,208</b> | <b>1,886,350</b> |
| <b>Grand total</b>        |                | <b>30,792,208</b> | <b>1,886,350</b> |

17. Receivables From Exchange Transactions

| Description                  | 2024/2025          | 2023/2024         |
|------------------------------|--------------------|-------------------|
|                              | KShs               | KShs              |
| Medical services receivables | 107,115,797        | 12,041,325        |
| <b>Totalreceivables</b>      | <b>107,115,797</b> | <b>12,041,325</b> |

Analysis of Receivables From Exchange Transactions

| Description        | 2024/2025          |                | 2023/2024         |                |
|--------------------|--------------------|----------------|-------------------|----------------|
|                    | Kshs               | % of the total | Kshs              | % of the total |
|                    | 2024/2025          | % of the total | 2023/2024         | % of the total |
| Less than 1 year   | 107,115,797        | 100%           | 12,041,325        | 100%           |
| Between 1- 2 years | -                  | %              | -                 | %              |
| Between 2-3 years  | -                  | %              | -                 | %              |
| Over 3 years       | -                  | %              | -                 | %              |
| <b>Total (a+b)</b> | <b>107,115,797</b> | <b>%</b>       | <b>12,041,325</b> | <b>%</b>       |

**18. Inventories**

| Description                 | 2024/2025         | 2023/2024         |
|-----------------------------|-------------------|-------------------|
|                             | KShs              | KShs              |
| Pharmaceutical supplies     | 21,325,396        | 12,138,134        |
| Laboratory supplies         | 1,536,311         | 1,736,318         |
| Food supplies               | 540,729           | 1,186,709         |
| Non-Pharmaceutical supplies | 10,972,516        | 11,208,891        |
| General supplies            | 1,328,162         | 561,625           |
| <b>Total</b>                | <b>35,703,114</b> | <b>26,831,677</b> |

**Detailed disclosure on inventories**

|                                  | 2024/2025         | 2023/2024         |
|----------------------------------|-------------------|-------------------|
| Opening balance                  | 26,831,677        | 7,064,273         |
| Additional Inventory in the year | 35,703,114        | 26,831,677        |
| Inventory expensed in the year   | (26,831,677)      | (7,064,273)       |
| Write-downs in the year          | -                 | -                 |
| Others specify                   | -                 | -                 |
| Closing balance                  | <b>35,703,114</b> | <b>26,831,677</b> |

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*Notes to the Financial Statements (Continued)*

**19. Property, Plant and Equipment**

| Description                             | Land       | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment | Plant and medical equipment | Total       |
|---|------------|---------------------------|----------------|---|---------------|-----------------------------|-------------|
|   | Ksh        | Ksh                       | Ksh            | Ksh                                       | Ksh           | Ksh                         | Ksh         |
| <b>Cost</b>                             |            |                           |                |   |               |                             |             |
| At 1 July 2024 (previous year)          | 56,237,875 | 432,000,000               | 6,000,000      | 1,750,306                                 | 4,200,000     | 96,775,000                  | 596,963,181 |
| <b>At 30<sup>th</sup> Jun 2024</b>      | 56,237,875 | 421,200,000               | 4,500,000      | 1,531,518                                 | 5,267,597     | 84,678,125                  | 573,415,115 |
| At 1 July 2024 (current year)           | 56,237,875 | 421,200,000               | 4,500,000      | 1,531,518                                 | 5,267,597     | 84,678,125                  | 573,415,115 |
| Additions                               | -          | 2,427,565                 | -              | 182,000                                   | 3,357,430     | 6,353,425                   | 12,320,420  |
| <b>At 30<sup>th</sup> Jun 2025</b>      | 56,237,875 | 423,627,565               | 4,500,000      | 1,713,518                                 | 8,625,027     | 91,031,550                  | 585,735,535 |
| <b>Depreciation and impairment</b>      |            |                           |                |   |               |                             |             |
| At 1 July 2023(previous year)           |            | 18,000,000                | 2,000,000      | 250,044                                   | 1,800,000     | 13,825,000                  | 35,875,044  |
| Depreciation for the year               |            | 10,800,000                | 1,500,000      | 218,788                                   | 2,633,403     | 12,096,875                  | 27,249,066  |
| <b>At 30 June 2024</b>                  |            | 28,800,000                | 3,500,000      | 2,437,932                                 | 4,433,403     | 25,921,875                  | 65,093,210  |
| At July 2024(current year)              |            | 28,800,000                | 3,500,000      | 2,437,932                                 | 4,433,403     | 25,921,875                  | 65,093,210  |
| Depreciation                            |            | 16,945,102                | 1,125,000      | 214,189                                   | 2,872,133     | 11,378,943                  | 32,535,367  |
| <b>At 30<sup>th</sup> June 2025</b>     |            | 45,745,102                | 4,625,000      | 2,656,720                                 | 7,305,536     | 37,425,669                  | 97,628,577  |
| <b>Net book values</b>                  |            |                           |                |   |               |                             |             |
| At 30 <sup>th</sup> Jun 2024 (previous) | 56,237,875 | 421,200,000               | 4,500,000      | 1,531,518                                 | 5,267,597     | 84,678,125                  | 573,415,115 |
| At 30 <sup>th</sup> Jun 2025 (current)  | 56,237,875 | 406,682,463               | 3,375,000      | 1,317,329                                 | 2,395,464     | 79,652,607                  | 549,660,738 |

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Notes to the Financial Statements (Continued)

20. Trade and other Payables

| Description                           | 2024/2025            |                       | 2023/2024         |                       |
|---------------------------------------|----------------------|-----------------------|-------------------|-----------------------|
|                                       | KShs                 |                       | KShs              |                       |
| Trade payables                        | 12,195,309.00        |                       | 28,868,885        |                       |
| <b>Total trade and other payables</b> | <b>12,195,309.00</b> |                       | <b>28,868,885</b> |                       |
| <b>Ageing analysis:</b>               | <b>2024/2025</b>     | <b>% of the Total</b> | <b>2023/2024</b>  | <b>% of the total</b> |
| Under one year                        | 12,379,269           | 100%                  | 3,131,670         | 10%                   |
| 1-2 years                             | -                    | %                     | 10,896,092        | 77%                   |
| 2-3 years                             | -                    | %                     | -                 | %                     |
| Over 3 years                          | -                    | %                     | 3,531,760.        | 23 %                  |
| <b>Total</b>                          | <b>12,379,269</b>    | <b>%</b>              | <b>28,868,885</b> | <b>%</b>              |

21. Cash Generated from Operations

| Description                                    | 2024/2025         |
|--|-------------------|
|  | KShs              |
| Surplus for the year before tax                | 121,036,496       |
| <b>Adjusted for:</b>                           |                   |
| Depreciation                                   | 26,335,787        |
| Other losses (non-cash) add-back               | 2,386,919         |
| <b>Working Capital adjustments</b>             |                   |
| Increase in inventory                          | (6,718,377)       |
| Increase in receivables                        | (95,074,472)      |
| Increase in payables                           | (16,673,579)      |
| Other non-cash adjustments (net)               | 12,131,590        |
| <b>Net cash flow from operating activities</b> | <b>43,424,367</b> |

**Notes to the Financial Statements (Continued)**

**22. Financial Risk Management**

The NCRH's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The hospital's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The hospital does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The NCRH's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The NCRH has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the hospital's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the NCRH's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| Description                            | Total amount       | Fully performing   | Past due | Impaired |
|--|--------------------|--------------------|----------|----------|
|  | Kshs               | Kshs               | Kshs     | Kshs     |
| <b>At 30 June 2024 (previous year)</b> |                    |                    |          |          |
| Receivables from exchange transactions | 12,041,325         | 12,041,325         | -        | -        |
| Bank balances                          | 1,886,350          | 1,886,350          | -        | -        |
| <b>Total</b>                           | <b>13,927,675</b>  | <b>13,927,675</b>  | -        | -        |
| <b>At 30 June 2025 (current year)</b>  |                    |                    | -        | -        |
| Receivables from exchange transactions | 107,115,797        | 107,115,797        | -        | -        |
| Bank balances                          | 30,792,208         | 30,792,208         | -        | -        |
| <b>Total</b>                           | <b>137,908,005</b> | <b>137,908,005</b> | -        | -        |

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the NCRH's short, medium and long-term funding and liquidity management requirements. The NCRH manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

**23. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to the NCRH include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members.

Nyamira County Government is the principal shareholder of the *NCRH*, holding 100% of the *NCRH*'s equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the *NCRH*, both domestic and external. The related parties include:

- i) The National Government;
- ii) The County Government;
- iii) Board of Directors;
- iv) Key Management

**24. Events after the Reporting Period**

There were no material adjusting and non-adjusting events after the reporting period.

**25. Ultimate and Holding Entity**

The *NCRH* is a County Corporation/ or a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Nyamira County Government.

**26. Currency**

The financial statements are presented in Kenya Shillings (Kshs) and all values are rounded off to the nearest shilling.

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**20. Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

| Reference No. on the external audit Report | Issue / Observations from Auditor         | Management comments  | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|---|--|--------------------------------------|---|
| 1.0  | Unsupported Property, Plant and Equipment | We wish to clarify that the hospital is in the process of updating the assets register in the format stated in the audit report as per attached annexure. However, at the time of the audit, the column on cost of immovable assets was not populated because the Inter-governmental Relations Technical Committee (IGRTC) did not complete the process of valuing and handing over of assets to the County Government of Nyamira. The county government of Nyamira only received the valuation report for plant and motor vehicles as per attached annexure. Further the County Government of Nyamira has completed the land valuation, while the progress is | Not resolved                         | 30 <sup>th</sup> June 2026  |

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| Reference No. on the external audit Report | Issue / Observations from Auditor  | Management comments  | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|------------------------------------|--|--------------------------------------|---|
|  |                                    | ongoing for buildings, plant, and machinery as per attached annexure.  |                                      |   |
| 1.1  | UNLAWFUL TRANSFER OF FUNDS         | <p>By the time the national law took effect on November 2, 2023, the County Government had already been implementing its own Facility Improvement Fund Act, 2022 that was operationalized on 1st July 2022, which included provisions for the transfers outlined in Part III, Section 6.</p> <p>In compliance with the new legislation, the County Government initiated the process of aligning its policies. This involved drafting a bill to amend the County Act, specifically repealing sections that conflicted with the new law.</p> <p>Further the Government of Nyamira has since stopped the transfers.</p> | Resolve                              | 2025  |
| 2.0  | NON-Compliance with Requirement of | The management acknowledges the observation by the auditors that at the time of the audit, the hospital had not met the human resource requirement as per the norms and standards guidelines by the Ministry of Health.  | Not resolve                          | June 2026   |

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| Reference No. on the external audit Report | Issue / Observations from Auditor       | Management comments   | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|---|---|--------------------------------------|---|
|  | <p><b>Universal Health Coverage</b></p> | <p>However, the county government of Nyamira has been increasing the number, quality and skills of the health care workers since inception of devolution as per the attached annexure.</p> <p>Because of the budgetary constraints and to effectively address the human resource challenges, the County government of Nyamira has progressively been increasing staff numbers across the years. To this end, in July 2023 (2023/2024) the County Government of Nyamira employed 125 health care Workers. 40 of the health workers were deployed to Nyamira County Referral Hospital as per the attached annexure.</p> <p>In the current financial year 2024-2025 the County Government will be employing one hundred (100) health care workers as per attached annexure. Majority will be deployed to Nyamira County Referral Hospital, therefore there is Commitment by the county Government of Nyamira to progressively build the capacity of the Hospital to provide UHC.</p> |                                      |   |

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| Reference No. on the external audit Report | Issue / Observations from Auditor   | Management comments  | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|---|--|--------------------------------------|---|
| 2.1  | Unremitted Housing Levy and National Industrial Training Authority Payments | The Management acknowledges that at the time of the audit, the hospital was neither deducting nor remitting housing and training levies. However, the County Government of Nyamira has since engaged the KRA and NITA to seek guidance on how to levy and remit contributions for casual workers   | Resolved                             | 2025  |
| 1.0  | Long Outstanding Trade and Other payables                                   | The management appreciates the auditor's observation that at the time of the audit the Hospital had pending trade payables regarding to KEMSA Ksh. 13,925,207, KPLC Ksh.7,536,092, GWASCO Ksh.915,916, Kisii Security guards Ksh.3,360,000 and other general supplies of Ksh.10,667,762. However, it is important to note that this was occasioned by unrealized revenues in particular unremitted payments from NHIF as per attached annexure | resolved                             | 2025  |
| 1.1  | Failure to Appoint an Audit Committee                                       | Management takes note of the auditor's observation that the Hospital management board had not constituted the audit and risk management committee. However, management   | Resolved                             | 2025  |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments  | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|-----------------------------------|--|--------------------------------------|---|
|  |                                   | <p>wishes to clarify that the committee in its sitting which was held on 4<sup>th</sup> July 2023 established three board committees as follows:</p> <ul style="list-style-type: none"> <li>(i) Finance and General Purpose committee</li> <li>(ii) Quality and Service Delivery committee</li> <li>(iii) Audit and Risk Management committee</li> </ul> <p>Further, for the Hospital management Commits to operationalize the audits and risk management Committee.</p> |                                      |   |

  
 .....  
**Accounting Officer**

